A tourist stumbles on to the drugs trail
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FINANCIAL TIMES
Europe's Business Newspaper
WEEKEND APRIL 30/MAY 2
D8523A

Watchdog fines Norwich Union a record £300,000

Norwich Union, one of Britain's biggest insurers, became the second company in three days to receive a record £300,000 fine from Lautro, the life insurance industry watchdog. The fine was imposed for breakdowns in management control relating particularly to the implementation of higher training and competence standards. The regulator was also concerned about recruitment procedures and "fact finds" – the checking of information gathered by sales agents. It said the failures "had risks for potential customers". Page 22; PIA chief warns on disclosure, Page 4

Blow to Ulster peace hopes: Sinn Péin president Gerry Adams dealt a further blow to hopes of an early end to violence in Northern Ireland, as security forces investigated reports of a tenth sectarian killing in the province in nine days. Page 5

S Africa awaits poll result: South Africa will wait anxiously most of this weekend for the results of its flawed general election. Page 22; *S Africa poll chaos casts doubt on result*, Page 3

Ford of the US, world's second largest vehicle maker, more than doubled net profits to $1.3bn in the first quarter, excluding a one-off charge for the sale of First Nationwide Bank. Page 9; Ford cuts dealer margins, Page 4

Pope breaks leg in fall at Vatican

Pope John Paul II was recovering in a Rome hospital after surgeons inserted a metal replacement for the the head and neck of his femur, fractured in a fall in his bathroom. The Pope, 73, will need to spend about three weeks in bed and postponed a planned visit to Belgium. It was his second fall in six months, and renewed concern among his advisers about his demanding schedule.

America's Indians lobby White House: Leaders from more than 500 American Indian tribes gathered at the White House for a rare chance to press their concerns at the highest levels of the US government. Page 2

Poll hits Tory poll hopes: Support for the Conservatives is running at just 20 per cent in the run-up to next week's local elections, compared with 48 per cent for Labour and 25 per cent for the Liberal Democrats, according to a Mori poll in today's Times. Election 'own goal', Page 5

Exporters agree to curb bribery: The world's leading exporters agreed to curb bribery of foreign government officials to secure contracts, in the form of a voluntary code of conduct due to be adopted by the OECD. Page 2

Bosnian Serbs in talks: A US and Russian-led delegation met Bosnian Serb officials in their mountain headquarters for "tentative and exploratory" talks aimed at salvaging the peace process. Page 2

Canadian Pizza shares fell 46p to 120p, when the management issued a profits warning just five months after the company's flotation. Page 8

Lancer Boss staff back German takeover: Senior management and employees at Lancer Boss, Bedfordshire-based lift truck producer which went into receivership earlier this month, are throwing their weight behind a takeover by Jungheinrich of Germany. Page 4

LVMH, world's largest luxury goods group, is expanding its perfume interests by raising its stake in French fragrance house Guerlain in a FFr1.96bn (£220m) share deal. Page 9

Attack on proposed tobacco ad ban: Newspaper and magazine publishers attacked a private members' bill that would outlaw tobacco advertising, warning that such a ban would "amount to censorship and set a dangerous precedent". Page 4

Mombasa ferry capsizes: Rescuers recovered 44 bodies after a ferry carrying rush-hour commuters capsized near the Kenyan port of Mombasa. State-run Kenya Broadcasting Corporation said up to 300 people were feared drowned.

The Financial Times will not be published on Monday, May 2

■ STOCK MARKET INDICES		
FT-SE 100:	3,125.3	(-4.6)
Yield	3.88	
FT-SE Eurotrack 100	1,462.82	(-6.14)
FT-SE-A All-Share	1,580.44	(-0.2%)
Nikkei	closed	
New York: lunchtime		
Dow Jones Ind Ave	3,682.58	(+14.27)
S&P Composite	451.16	(+2.06)
■ US LUNCHTIME RATES		
Federal Funds:	$3\frac{11}{16}$%	
3-mo Treas Bills: Yld	3.941%	
Long Bond	$87\frac{1}{4}$	
Yield	7.293%	
■ LONDON MONEY		
3-mo Interbank	$5\frac{1}{4}$%	(same)
Liffe long gilt future:	Jun $106\frac{2}{32}$	(Jun $106\frac{1}{16}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (June)	$15.445	(15.4)
■ Gold		
New York Comex (June)	$377.8	(376.8)
London	$376.1	(375.2)

■ STERLING		
New York lunchtime:		
$	1.513	
London:		
$	1.5163	(1.5073)
DM	2.5126	(2.5167)
FFr	8.6125	(8.6301)
SFr	2.1342	(2.1444)
Y	153.882	(153.571)
£ Index	80.3	(80.4)
■ DOLLAR		
New York lunchtime:		
DM	1.66185	
FFr	5.6905	
SFr	1.409	
Y	101.85	
London:		
DM	1.657	(1.6697)
FFr	5.68	(5.7255)
SFr	1.4075	(1.4227)
Y	101.485	(101.885)
$ Index	64.8	(65.2)
Tokyo close Y closed		

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Yen's strength reflects fear of slow progress in curbing US trade deficit with Japan

Fed steps in to check dollar's fall

By Philip Gawith and Tracy Corrigan in London and William Dawkins in Tokyo

The US Federal Reserve took the rare step yesterday of intervening in foreign exchange markets to support the dollar as it fell towards its lowest level against the yen since last summ[illegible]

The central bank's [illegible] helped arrest the US curr[illegible] decline, and yesterday evening it closed in London at Y101.48 and DM1.657, slightly above the lows of the day. The last time the Fed intervened openly in the market was in August last year when the dollar fell to Y100.30.

The stronger yen reflects market fears that Mr Tsutomu Hata, the new Japanese prime minister, will make only limited progress in curbing the country's large trade surplus with the US. The US is pressing Japan to open its markets to US imports, and to stimulate the economy, as means of curbing the surplus.

However, the dollar looks likely to have earned only temporary respite. Mr Neil MacKinnon, chief currency strategist at Citibank in London, commented: "It is round one to the Fed, but unless [intervention] is sustained and a lot heavier, I think the markets will again test the previ[illegible] low of the dollar."

Economists fear that if the dollar sinks below Y100, it could fall as low as Y80-Y90. Sustained yen strength would hit Japanese exports, with serious implications for the country's economy. Japan's Economic Planning Agency recently released a figure suggesting that, on average, Japanese exporters needed an exchange rate of Y117 to the dollar in order to break even.

Poor economic indicators over the past week, including falls in car production and retail sales for March and a rise in unemployment, have emphasised that any recovery in Japan's economy is likely to be tentative. Mr Hirohisa Fujii, finance minister, warned on Thursday that a strong currency could damp recovery hopes.

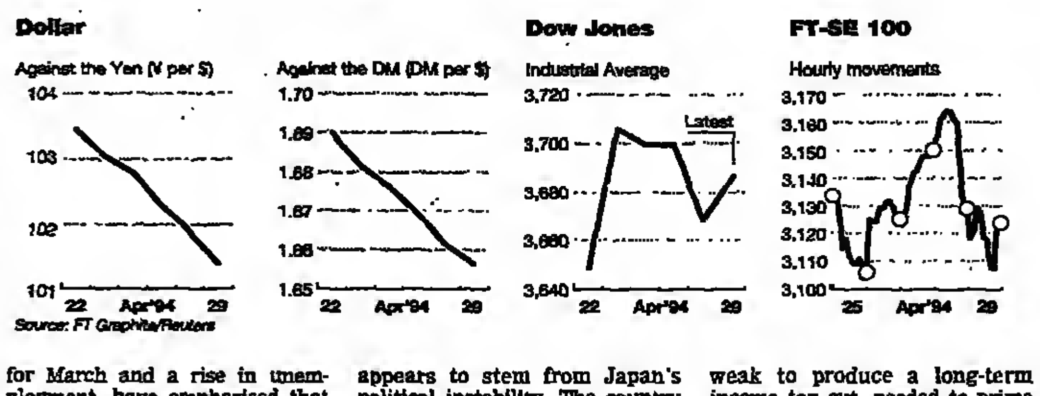
Although the dollar has underperformed market expectations all year, its renewed weakness appears to stem from Japan's political instability. The country experienced a political hiatus after the resignation of Mr Morihiro Hosokawa as prime minister, while there are doubts about the authority of his successor.

Perversely, Japanese political uncertainty strengthens the yen. Traders fear that Mr Hata's minority cabinet will prove too weak to produce a long-term income tax cut, needed to prime domestic demand and pull in imports. There is also general gloom over prospects for a persuasive package of market opening measures, which made little progress under the previous government.

The foreign exchange markets believe that if progress is not made in these two areas, the US administration will seek to force a stronger yen as a means of curbing the US's $50bn trade deficit with Japan.

Yesterday Mr Lloyd Bentsen, the US Treasury secretary, said the Fed intervention was intended to counter "disorderly conditions" in the markets. "This is in line with our previously articulated policy which recognises that excessive volatility is counterproductive to growth."

The intervention helped prop up the bond and equity markets. European bond prices ended the day unchanged or firmer, recovering earlier losses after prices had fallen sharply due to concern about the weakening dollar. In



Source: FT Graphite/Reuters

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Fed takes action, Page 2
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Ministers set to reject new plan for pension trustees

By Roland Rudd and Norma Cohen

The government is planning to reject the recommendation by the Goode committee on pensions regulation that scheme members should be allowed to appoint at least a third of all scheme trustees.

Ministers fear that the committee's proposal could seriously undermine occupational pensions.

The government, which is to publish its white paper later this year, favours a code of "best practice", which would leave the composition of the board of trustees to the management, as is now the case. "Ministers are determined to resist the temptation to over-regulate," said a Whitehall official.

Mr Stuart James, a member of the Goode committee which was set up to consider reform of the occupational pension law following the Maxwell pension scandal, said: "Although the committee felt there should be no cherry picking [of its key recommendations] this is what the government will do."

Mr James, speaking at the annual conference of the National Association of Pension Funds in Brighton, predicted the government would "ditch some of our less palatable recommendations".

Goode committee members are understood to have recently met officials from the Treasury and the Department of Social

Continued on Page 22
PIA chief's warning, Page 4

Prime minister John Major answers reporters' questions while campaigning in northern England for next week's council elections. *He sought to cover cracks in the Tory party over Europe by stressing a strategy designed to unite all but the most extreme anti-Europeans.* Report, Page 22; Tories 'score election own goal', Page 5 Reuter

Accord covers monetary policy, banks and tax

Israel agrees 'self-rule' for Palestine economy

By Julian Ozanne in Jerusalem

Foundations laid for a Palestinian state.............Page 3

The incoming Palestinian government in the Gaza strip and the West Bank enclave of Jericho will have wide ranging powers to decide its own monetary policy, supervise Palestinian banks and set its direct taxation rates, Israel and the Palestine Liberation Organisation agreed yesterday.

The landmark economic accord was signed in Paris after a breakthrough in peace talks between the PLO and Israel, which have agreed to sign an agreement next Wednesday on Palestinian self-rule in the occupied Gaza Strip and Jericho.

The economic pact, which will govern economic relations between the Jewish state and the future self-governed Palestinian economy for five years, was described by Mr Avraham Shochat, Israeli finance minister, as "a historical breakthrough toward a new economy of peace".

The comprehensive free trade agreement covers imports and customs, monetary policy, taxation, labour, agriculture, industry and tourism and was signed yesterday by Mr Shochat and Mr Ahmed Qurie, PLO negotiator, at the French foreign ministry. It brought to an end five months of often difficult negotiations.

However, both sides had to exclude, until further talks, the controversial issue of whether the Palestinians will have the right to mint their own currency – a key demand of the PLO.

In talks in Cairo that precede next week's Gaza signing, Israel also agreed yesterday to grant other symbols of statehood to the nascent Palestinian state, including the right of Palestinians to have their own international dialling code and to issue stamps and travel documents which will also carry the word "passport".

Renewed progress in the Israeli-Palestinian peace process has fuelled hopes of advancing the peace talks between Israel and Syria. Mr Warren Christopher, US Secretary of State, yesterday held detailed talks with Mr Yitzhak Rabin, Israeli prime minister, before his planned departure today for Damascus.

Israeli officials say they hope Mr Christopher will shuttle between the Syrian capital and Jerusalem and take fresh Israeli proposals to President Hafez al-Assad of Syria in order to advance the sluggish talks which focus on an Israeli withdrawal from the occupied Golan Heights in return for full peace.

In Paris Mr Qurie said Palestinians were looking forward to a new era of common interest rather than dependency in their economic relations with Israel. He urged international donors, who have promised $2.5bn (£1.6bn) of aid over five years, to fulfil their commitments to what he said would be a liberal market Palestinian economy.

Unilever takes Procter to court in row over 'super' detergent

By Tony Jackson

The soap wars between Unilever and Procter & Gamble spilled into the courts yesterday as Unilever took legal action to stop Procter making "untruthful and misleading" statements about its new generation of detergents.

The dispute between the world's two biggest detergents makers was sparked by alleged claims from a Procter executive in the Dutch press that Unilever's new super-concentrated detergents damaged clothes. The products, being launched across Europe at a cost of several hundred million pounds, are claimed by Unilever to represent a technological breakthrough. They are also a vigorous attempt by Unilever to regain ground in the £6bn European detergents market. It has lost market share to Procter over the past five years.

Unilever's subsidiary Lever Nederland has started proceedings in the Dutch courts on the basis that Procter's statements are "sowing doubt amongst the general public" about Omo Power, the Dutch brand name of the new detergent. It is also seeking an injunction to stop Procter using the term "Power" for its own products. Procter is accused of putting stickers with the word "Power" on its rival brand, Ariel, in a move which a Unilever source described as "particularly grubby".

Procter said last night "this lawsuit is an attempt to silence the debate, but we see it as an opportunity to bring all the facts into the open. We think the charges are unfounded and we are confident that we will win the lawsuit."

Unilever claimed that sales of the new product in the Netherlands, where it first appeared three weeks ago, were going well despite wide publicity caused by the first appearance of Procter's claims on Wednesday.

CONTENTS

C$1.40; China RMB24; Cyprus C£1.10; Czech Rep CZK50; Denmark DKr16.00; Egypt E£5.00; Finland FmK14; France FFr9.00; Germany DM3.50; Greece Dr350; Hong Kong HK$18; ... Italy L3000; Japan Y500; Jordan JD1.50; Korea Won 3000; Kuwait Fils.625; Lebanon $US1.50; Luxembourg LFr65; Malaysia Rm4.80; Malta Lm0.80; Morocco Dh15.00; Nigeria ... Philippines Pes 50; Poland Zl 32,000; Portugal Esc225; Qatar QR13.00; S.Arabia R11.00; Singapore S$4.30; Slovak Rep KS50; South Africa R12.00; Spain Pta225; Sri Lanka ... Thailand Bht50; Tunisia Din1.500; Turkey L13000; UAE Dh12.00; USA $1.25 (Alaska & Hawaii $1.75)

LONDON · PARIS · FRANKFURT · NEW YORK · TOKYO

FT writers in Washington, London and Tokyo examine the factors behind the dollar's dramatic slide against the yen

Perverse sentiment drives up the yen

By Philip Gawith in London

The dollar yesterday avoided sinking to an historic low of less than Y100, but few on the foreign exchanges believe this is more than a temporary respite.

Sentiment towards the dollar is now so negative that most analysts believe it will fall through the Y100 level, and that this will trigger a further precipitate decline.

"Once it breaks tbat, anything is possible, up to Y95 or Y90, because it is such an important break," says Mr Steve Hannah, bead of research at the Industrial Bank of Japan in London.

Mr Paul Chertkow, head of global currency research at UBS, says a lot of investors have held onto their dollar positions, but expects them to sell if the dollar falls below Y100. "This is a market trading on fear in circumstances of illiquidity," he notes.

Mr Chertkow says a 10 per cent fall, to Y90, would "not be a big fall given the weight of funds". He says in these circumstances markets can move much further than fundamentals would justify. He cites the case of the dollar rising from DM2.94 to DM3.4750 in six weeks from December 1984 to mid-February 1985 whan fundamentals suggestad that DM3 should never have been breached in the first place.

It was not supposed to be this way. Indeed, at the turn of the year, forecasting the dollar was supposed to be one of 1994's easy tasks. Both economic growth and interest rates in the US currency's favour were seen as making it virtually certain that the dollar would strengthen against European currencies and the yen.

These were the main factors why most investors and analysts felt the dollar would rise to DM1.80-90 and Y115-Y120 in 1994, from DM1.7450 and Y112.50 where it started tha year.

Although the dollar is weak against both the yen and the D-Mark, it is the Japanese leg of events that it is propelling the market. "The driving force continues to ba the market's perception that the trade dispute is going to carry on for some time," says Mr Hannah.

Perversely, the market holds the view that the worse Japan's politics, the better for the yen. This logic has its root in the US-Jspan trade dispute, where the issue is US pressure for Japan to curh lts $50bn bilateral trade surplus with tha US. Political instability in Japan is seen as hampering the prospects of the government delivering market-access agreements which will improve US import penetration.

In these circumstances the market believes that the US administration will talk up the yen, to make Japanese exports less competitive, as a way of closing the gap.

Mr Brendan Brown, head of research at Mitsubishi Bank, is sceptical of the trade dispute as an explanation for yen strength. He explains lt, instead, as a function of fairly tight monetary policy, repatriation of capital by Japanese investors from abroad, and foreign buying of Japanese equities.

He asks rhetorically: "How can the economy with the largest savings (and current account) surplus consistently import long term capital? Economic arithmetic and logic tells us that Japan must be the principal supplier of capital to the world economy, not an importer of funds."

One way of restoring equilibrium will be for the yen to rise to the level where Japanese investors see no residual risk in exporting funds, while a tumbling Nikkei stock market index (a yen below Y100 will push Japanese exports sharply down) will drive foreigners out.

Analysts argue that a level around Y90 will probably only last a few months. After that the yen is expected to weaken to the Y115-120 level, depending on progress with the trade dispute.

Fed takes action to stem dollar's decline

By Michael Prowse in Washington and William Dawkins in Tokyo

After months of apparent indifference, the US Treasury yesterday showed that it does, after all, care about the fate of the dollar.

Mr Lloyd Bentsen, the treasury secretary, said sales of D-Marks and yen by the Federal Reserve were needed to counter "disorderly conditions" in currency markets and to reaffirm "our previously articulated policy which recognises that excessive volatility is counterproductive to growth."

Following the Fed's intervention, the dollar gained ground against both the yen and D-Mark but many traders remained sceptical that the official action would make a lasting impression on currency markets.

An immediate cause of the dollar's weakness against the yen was fear that the new Japanesa government would be unable to agree effective measures to open Japanese markets to imports from the US.

Until the Fed's action many analysts assumed that tha Clinton administration regarded yen appreciation as a useful means of exerting indirect pressure on the Japanese political establishment. Mr Bentsen's statement, however, confirms that Y100 is regarded in Washington as floor below which the dollar preferably sbould not fall.

The dollar's weakness against the D-Mark and other leading currencies is harder to understand. The news this week that US economic growth in the first quarter was only 2.6 per cent at an annual rate, less than expected in financial markets, might be interpreted as bad for the dollar. If US growth is decelerating, the pressure on the Fed to raise interest rates to prevent upward pressure on inflation is presumably reduced.

The trouble with this argument is that few analysts believe the GDP figures will deter the Fed from tightening policy in coming weeks. Growth in the first quarter was artificially depressed by an erratic fall in government spending and severe winter weather; it was also a reaction to growth at an unsustainable annual rate of 7 per cent in the fourth quarter. The average rate of growth in the last two quarters combined was nearly 5 per cent at an annual rate.

Reports on Friday of a sharp rebound in the housing market – new home sales rose 11 per cent between February and March – and a solid increase in personal incomes last month were a reminder that the economy is still moving ahead vigorously.

When set against US economic fundamentals, the weakness of the dollar remains puzzling. The US is growing much faster than other industrial countries. The Fed has begun to tighten monetary policy after a five-year phase of relaxation. Germany and Japan, by contrast, have yet to emerge decisively from recession. And there still seems to be scope for monetary relaxation in both countries.

However, several medium-term considerations weigh against the dollar. Mr Bruce Kasman, an economist at J P Morgan, the New York Bank, points out that the US trade and net foreign asset position is distinctly weak compared with that of Japan and Germany. Unless the Fed acts more aggressively, US monetary policy is likely to remain considerably looser than that in competitor countries.

Politics is also playing a part. The Clinton administration appears to put less weight on controlling inflation than most other governments. Officials too often give the impression that they care little about the dollar's external value: some appear to regard depreciation as helpful because it improves the short-term outlook for US exporters.

In Japan any sustained yen appreciation would cast an unwelcome shadow ovar hopes of an economic recovery, just as the recession appears to be touching bottom. It would further hit the fragile earnings of Japan's export dependent manufacturing industry, with conseqnencas throughont tha economy.

Poor economic indicators over the past week, including falls in car production and retail sales for March and a rise in unemployment have emphasised that any recovery is likely to be tentative. Mr Hirobisa Fujii, finance minister, warned on Thursday that a strong currency could dampen recovery hopes.

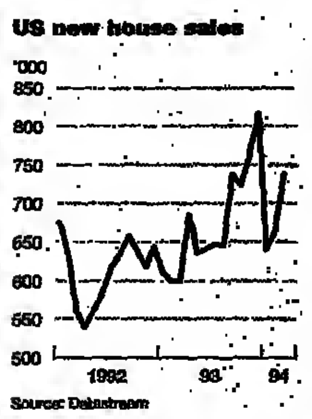
The fresh burst of currency speculation will increasa the pressure on the Bank of Japan to push down interest rates, which are high in real terms because of Japan's low inflation. It will also test the central bank's resolve to intervene to push the yen down against the US currency during the Golden Week holiday period.

Bank of Japan officials say they are ready to act in the markets over the next week, despite traders' belief that the central bank is unable to intervene on national holidays.

Japan's political problems – a reason for currency weakness in most countries – have perversely given the market a reason for pushing the yen higher. Traders might fear that Mr Tsutomu Hata's minority cabinet will prove too weak to produce a permanent income tax cut, needed to prime domestic demand and pull in imports, to present to the US at the Group of Seven summit in July. There is also general gloom over prospects for a persuasive package of market opening measures, which made little progress under the previous government.

Bantsen: Action needed to counter disorderly markets

Fujii: strong yen hitting recovery hopes



The Japanese seize a golden opportunity

Recession-hit companies are giving their workers extra days off, reports **William Dawkins**

Many of Japan's hard-pressed industrial companies breathed a sigh of relief yesterday and packed their surplus workforces off for a long break.

Golden Week, which started yesterday, has always been an elastic holiday. But this year corporate Japan has stretched it extra long.

On average, Japanese companies have given their workers 6.2 days of holiday this year, an increase of more than half a day on 1993, according to a survey by the labour ministry. That is not bad, considering that Golden Week officially includes only four public holidays.

It is a welcome opportunity to shut down production when stocks of unsold goods are still uncomfortably high, as Japan continues to labour under its worst post-war recession.

Just over 450,000 people have seized the chance to spend their strong yen abroad and have booked a foreign holiday – up 20 per cent on last year, according to the Japan Travel Bureau, the leading travel agency. This partly reflects a sharp drop in package tour prices, but aoma Japanese economists believe the holiday rush is another sign of the recovery in consumer confidence that may herald the beginning of the end of the downturn.

But the airport crowds are only a small fraction of the nearly 67m Japanese who plan to take it easy this week. Many of them headed for the countrysíde yesterday, creating motorway jams up to 70km long, another important Golden Week ritual. The sensibla ones stayed at home, to enjoy the pleasant emptiness of their city streets.

Some people will be taking life easier than others. The car, steel and consumer electronics industries, burdened with overcapacity, are asking their workers to stay away for longer than most. Mazda and Honda have offered 12 days off, to the irritation of some of their suppliers, which have had to scala back capacity accordingly. Hitachi is taking nine days off.

Semiconductor makers, by contrast, have asked their workers to take the minimum four days, to keep up with strong demand for computer components.

Foreign exchange dealers and politicians also get a raw deal this year. The finance ministry has suggested that some Japanese and foreign banks and life insurers keep dealers on duty during the holidays.

They are needed to head off another rise in the yen against the dollar, on fears that Mr Tsutomu Hata's new minority administration proves too weak to make progress on the US-Japan trade dispute. Japanese markets will be closed from next Tuesday to Thursday, but a few traders will be closely watching the yen-dollar movement elsewhere in the world, from their lonely screens in Tokyo.

Mr Hata, meanwhile, will also be busy next week, when he is due to tour Europe, his first foreign visit as prime minister. He will no doubt have his work cut out to persuade his hosts in Italy, Germany, France and at the European Union headquarters in Belgium that Japan's recent political turmoils have not harmed its reliability as a partner.

America's Indians lobby White House

By George Graham in Washington

Leaders from more than 500 American Indian tribes gathered at the White House yesterday for a rare chance to press their concerns at the highest levels of the US government.

At a breakfast meeting with Vice-President Al Gore, and a subsequent meeting with President Bill Clinton, delegations from almost all the 545 federally recognised tribes argued for more freedom for native American religions, more money for Indian health and education services and more respect for tribal sovereignty.

"For so long, from the Indian perspective, the doors of the White House have been closed to us. The symbolism is that the gates are open to us," said Gaiashkibos, president of the National Congress of American Indians.

An estimated 80 per cent of native American voters backed Mr Clinton in the 1992 presidential election, but tribal leaders have been disappointed at tbe Democratic administration's plans to cut the budget for the Indian Health Services – which administration officials have now indicated they are rethinking – and at delays in naming a new chairman for the National Indian Gaming Commission.

"Indian people always expect a greater understanding and commitment from Democrats. Instead, what's hit us in the eye is budget cuts," complained Mr Peterson Zah, presideot of tbe Navajo nation, tbe largest American Indian nation.

Indian nations range from the 220,000 Navajo, faced with poverty, ill health and inadequate sanitation, to the 300 Massantucket Pequot, wbo have grown rich on the profits from their casino, which is not subject to Connecticut's ban on gambling.

Sovereignty rights, supposedly guaranteed by hundreds of federal treaties that the US has bonoured more in the breach than in the observance, bave generated conflicts between Indian nations and states from South Carolina to Montana.

But some Indian leaders argue that the greatest burden on the native American peoples is the Burean of Indian Affairs, the federal bureancracy that oversees the tribal reservations and which critics describa as one of the world's last surviving examples of socialist central planning.

Congressman Bill Richardson of Naw Mexico, who chairs tha House of Representatives subcommittee on native American affairs, says it is "time to junk or radically transform the bureau," which he describes as "wasteful and patriarchal."

Americans and Russians in talks with Bosnia Serbs

By Laura Silber in Belgrade and Reuter in Oslo

A US and Russian-led delegation yesterday met Bosnian Serb officials in tbeir mountain beadquarters for "tentative and exploratory" talks aimed at salvaging the peace process.

Mr Radovan Karadzic, Bosnian Serb leader, told the nine-man delegation, which also includes United Nations and European envoys, that UN sanctions on Belgrade must be lifted to make any progress towards an overall settlement, said his spokesman, Mr John Zametica.

"The international community has to decide if it is more important to maintain sanctions or achieve peace," he said in Pale, the makeshift Serb capital near Sarajevo.

The contact group, headed by Mr Charles Redman, the US special envoy, and Mr Aleksei Nikiforov, the Russian representative, held the first face-to-face meeting with Bosnian Serb leaders since their forces complied with a Nato ultimatum on Wednesday to withdraw from a 20km exclusion zone round Gorazde, the embattled Moslem enclave which is designated a UN safe area.

The group was due to return to Sarajevo for more talks with the Moslem-led Bosnian government. On Thursday, Mr Alija Izetbegovic, the Bosnian president, said be would consider a two to three month ceasefire to allow the peace talks to take place.

Bosnian Serb leaders were likely to reject the offer. They claim the Bosnian army is preparing to launch en offensive on the northern Serb corridor linking Belgrade with Serb-held territory in Bosnia and Croatia.

A senior US official yesterday said Bosnian Serb forces had moved their weapons from Gorazde northwards to the corridor. This heightens fears that Serbs will soon try to widen the corridor.

Bosnian and Serbian media yesterday reported fighting around Brcko, at the eastern end of the corridor.

Serb leaders have called for a complete cessation of hostilities in a bid to cement their military gains. Their forces control about 70 per cent of the war-ravaged republic.

The attempt to revive the peace process also included talks in Norway between Lord Owen, the EU mediator, Mr Thorvald Stoltenberg, the UN mediator and Mr Vitaly Churkin, the Russian special envoy.

"The crisis has created new possibilities," Mr Stoltenberg said. "We have a stability and calm in Bosnia for the moment whicb we have not had for a long time."

Mr Stoltenberg said the only chance for a formal end of the fighting and a peace accord soon was agreement between the US, Russia, France, Germany and Britain and tbe United Nations.

Tha mediators discnssed preparations for a meeting of foreign ministers from the five nations along with the United Nations.

Meanwhile, Croatia yesterday accused Serb forces of violating the international agreement to withdraw from a 20km zone along the 1,600km confrontation line in Croatia.

Sentence ends months of intense media coverage

Cusani gets eight years in jail for corruption

By Andrew Hill in Milan

Italy'e most gripping courtroom drama went off the air this week when a Milan judge condemned Mr Sergio Cusani, a financial consultant to the Ferruzzi-Montedison industrial gronp, to eight years in prison for corruption and false accounting.

It was the first time a sentence had been transmitted live on Italian television, ending six months of intense media coverage of the trial, which featured guest appearances by stars of the discredited old political regime.

Mr Cusani helped conceal Montedison's illicit contributions to ruling political parties, including the L150bn (£62m) "mother of all bribes.

This sum smoothed the way for Ferruzzi-Montedison to pull out of Enimont, its ill-fated joint venture with the state-owned Eni energy and chemicals group, at a huge profit in 1990.

The judge ordered Mr Cusani to repay L167.8bn to Montedison, Ferruzzi's principal industrial subsidiary company.

The sentence, handed down on Thursday night, amounts to a victory for the prosecutor, Mr Antoni Di Pietro, Italy'e best-known and most charismatic investigating magistrate, who had asked for a seven-year sentence.

During the trial he began to uncover a network of political corruption more widespread than most Italians had suspected.

The final day of the 400-hour trial did not disappoint armchair viewers. In a desperate last stand, Mr Cusani accused the Milan magistrates of driving Mr Raul Gardini, chairman of Ferruzzi, to suicide last year by not responding to the tycoon's pleas to be questioned on the Enimont affair.

The crowded courtroom also had to be cleared before the sentence could be delivered, after police officers discovered a small bomb.

Sergio Cusani, escorted by police, leaves a Milan court after being sentenced to eight years in jail AP

Russia, Latvia set to sign troop pull-out accord

By John Lloyd in Moscow

An agreement to pull out the remaining Russian troops from Latvia is expected to be signed today in Moscow by the leaders of the two states.

The agreement will mean that only Estonia, the smallest of the three former Soviet Baltic countries, is at odds with Russia over troop withdrawal.

Negotiators from the two sides agreed on the last issue between them – that of payment of pensions and other benefits to the 22,300 Russian military veterans still living in Latvia – at a meeting yesterday in the resort town of Jurmala.

Tha agreement allows the officers to stay in Latvia with benefits, but not to obtain citizenship – a clause whicb nationalists in the Latvian parliament say gives retrospective justification to the occupation of Latvia by Soviet troops between 1940 and 1991.

The Latvians have also agreed to rent out the Skrunda radar base to the Russians for the next four years.

The sudden worsening in relations betwee the two countries when a decree signed by Prasident Boris Yeltsin appeared to suggest that Russia wished to keep troops in Latvia appears to have been patched over – with Latvian leaders prepared to believe the explanation that the decree was carelessly worded.

Mr Guntis Ulmanis, Latvian president and Mr Valdis Birkavs, prima minister, are due in Moscow today to sign the treaty with Mr Yeltsin – a treaty which should remove all 10,500 Russian troops by the end of August.

The deal, if carried through, focuses all attention on Estonia, wbere fewer than 3,000 troops remain but where talks have proved fruitless and both sides trade allegations of breach of good faith and of civil rights.

Mr Mart Laar, the Estonian premier interviewed in the US this week, said he received assurances from Mr Boutros Boutros Gali, United Nations secretary-general, that the UN security council would take a hard line on Russia if there were no sign of further troop withdrawals by June.

Mr Laar said Russian troops in Estonia were undisciplined, and were offering guns and othar military equipmant for sale.

Estonian security forces had stopped the attempted sale of two torpedoes by Russian officers, he claimed.

OECD members agree action to curb bribery of foreign officials

By David Buchan in Paris

Tha world's major exporters yesterday agreed to curb bribery of foreign government officials to secure contracts, in the form of a voluntary code of conduct due to be adopted formally by the Organisation for Economic Co-operation and Development (OECD) later this month.

The OECD's 24 member governments have agreed on a list of recommended measures, such as making bribes illegal and removing their tax deductibility, which they would try to implement, Mr Mark Pieth, a Swiss official who chairs the organisation's working group on illicit payments, said yesterday. He said it had not been possible to agree on a legally binding anti-bribery convention, as the United Nations had tried to do in the late 1970s.

He described the OECD recommendation as "soft law" which would not oblige member governments to adopt the whola menn of anti-bribery measures. But member governmants would exercise "peer pressure" on each other by holding periodic reviews to examine whet measures individual countries had, or had not, taken, he claimed.

The recommended ban on illicit payments is due to be adopted by OECD ambassadors on May 24.

"It [the OECD recommendation] is a commitment that measures will be taken, which should be concrete and meaningful," Mr Pieth said.

The agreement ands mora than four years of OECD negotiations, instigated by the US which is the only OECD country to flatly outlaw bribery in its Foreign Corrupt Practices Act.

Mr Warren Christopher, the US secretary of state, recently complained that tha US had lost billions of dollars worth of business to lese scrupulous competitors.

Other OECD partners have had greater reservations than the US about the "extra-territorial" aspect of applying any bribery ban to business activities on foreign soil.

Mr Pieth said the OECD code of conduct covered illicit payments to officials, but not to private businessman, in foreign countries. Ha also conceded that corruption was hard to define.

"Inviting a foreign official to dinner hardly constitutes corruption, but offering him a gift can."

Mr Pieth said the new OECD anti-bribery code would draw on the experience of the organisation's Financial Action Task Force whose role has been to crack down on the laundering of drug and criminal money whila respecting the differences in member countries' banking systems and laws.

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NEWS: INTERNATIONAL

NEWS DIGEST

New suspect in VW 'spy' case

The daughter of the prime suspect in the VW/General Motors industrial espionage investigation was the original source of *some of the* new potential evidence turned up recently by German state prosecutors, it emerged yesterday. A diskette containing data on cost-reduction planning at GM, the existence of which was made public by tha German euthorities earlier this week, was compiled by Ms Begounia López, daughter of the US group's former purchasing director, Mr José Ignacio López de Arriortúa. Mr Lopéz has told his present employer, Volkswagen, that his daughter, now 22, gathered the information for a student thesis while on a work-study placement with GM shortly before his abrupt departure for VW in March, 1993.

Ms López is known to have been temporarily employed in the Chevrolet marketing department during the relevant period. Officials close to the affair said thet after e "complaint" from GM lawyers Ms López was now being treated formally by investigators as a suspect along with her father and three of his closest associates. All former employees of the US group, they followed him to VW within days of his leaving the US. Mr López's lawyers last night dismissed the suspicions as groundless. They claimed the diskette found in Ms López's room contained material she gathered while studying at the independent General Motors Institute. *Christopher Parkes, Frankfurt*

Seoul rejects treaty proposal

The US and South Korea have rejected a proposal by North Korea to replace tha armistice agreement ending the Korean War of 1950-53 with a peace treaty between Pyongyang and Washington. Washington and Seoul said the dispute over North Korean nuclear inspections must be resolved first before a peace treaty would be considered.

North Korea has revived the peace treaty proposal, one of its main diplomatic goals, as part of an attempt to win a security guarantee from the US, possibly in exchange for allowing full nuclear inspections. Pyongyang has refused to consider signing a peace treaty with Seoul by claiming South Korea is not a signatory to the armistice. North Korea has threatened not to participate further in meetings of the military armistice commission if negotiations are not opened with the US on a peace agreement. *John Burton, Seoul*

Poland may end wage controls

The Polish government has told Solidarity it will consider removal of wage controls if the trade union agrees to a highly controversial reform of the country's pension system which bes been long demanded by the International Monetary Fund. Yesterday Mr Waldemar Pawlak, the prime minister (left), criticised Solidarity for organising strike action but offered to talk about the union's demands within the framework of a tripartite committee bringing together representatives of unions, employers and the government which also met yesterday. Pensions are linked to wage levels throughout the economy and increase periodically as wages rise. Mr Pawlak said removal of state wage controls by the end of this year would have to be accompanied by a change to indexing pensions. *Christopher Bobinski, Warsaw*

C Europeans speed tariff cuts

The four central European countries agreed yesterday to advance the timetable for tariff reductions by three years and establish a free trade zone by the end of 1997. Poland, Hungary, the Czech Republic and Slovakia agreed on fresh cuts in customs duties on industrial goods of between a quarter and a third to take effect from July 1 this year.

Under the terms of the 1993 Central European Free Trade Agreement (CEFTA) about half of regional trade is already free and another large class of goods will be liberalised at the end of 1996. Yesterday's additional accord brings forward forward full liberalisation for sensitive products from end-2000 to end-1997, but the tariff schedule for "most sensitive" products will remain. *Nick Denton, Budapest*

92 trade unionists murdered

The extent to which trade union rights are denied across much of the developing world emerged in a report yesterday which found that 92 trade unionists were murdered last year in 14 countries.

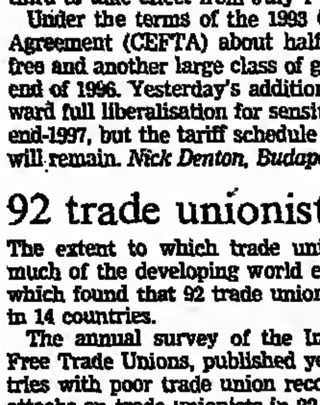
The annual survey of the International Confederation of Free Trade Unions, published yesterday (FRI), listed 91 countries with poor trade union records and recorded about 1,000 attacks on trade unionists in 22 countries.
Richard Donkin, Labour Staff

Russian giants form new group

Avtovaz, Russian maker of Lada cars, and Kamaz, Russia's biggest truck-manufacturer, plan next month to form a financial-industrial group with a commercial bank called Avtovazbank. Mr Vladimir Khadannikov, chairman of Avtovaz, said the alliance would help them raise capital on more favourable terms. *Leyla Boulton, Moscow*

ECONOMIC WATCH

French jobless rate stabilises



Source: FT Graphite

The French unemployment rate remained stable in March for the third successive month at 12.2 per cent, the employment ministry said yesterday. The number of people out of work rose by 8,600, or 0.3 per cent, during the month to 3.32m people, or one in eight of the workforce. However the number of jobs lost in March, as in January and February, was significantly lower than in many months last year. The slower pace of job losses and recent publication a survey showing improvement in business confidence has encouraged economists to be more positive about the economic outlook. *Alice Rawsthorn, Paris.*

■ Industrial production in eastern Germany rose by over 17 per cent for the first two months of this year compared with the same period last year, the German economics ministry said yesterday. The strong growth sectors continue to include the construction industry, up 26.6 per cent and mining, which rose by 17 per cent in January and February compared with the same period of 1993. *Judy Dempsey, Berlin.*

■ South Korea's economic growth forecast for 1994, as measured by gross national product, was revised upward to 7.6 per cent from 7 per cent by the Korea Development Institute, a government think-tank. The revised forecast compares with the country's 5.6 per cent GNP growth in 1993.

■ Russia's trade surplus widened 49 per cent to $5.13bn (£3.4bn) in the first quarter from $3.44bn a year earlier, according to figures from the ministry of foreign economic relations.

■ The Russian central bank yesterday lowered its discount rate, the rate at which it lends money to commercial banks, to 205 per cent from 210 per cent a year.

S Africa poll chaos casts doubt on result

By Patti Waldmeir in Ulundi, KwaZulu

SOUTH AFRICAN ELECTIONS

South Africa's first all-race elections may yet turn out to have been relatively free and fair; but if they do, no thanks will be owed to the Independent Electoral Commission, the body charged with conducting the poll.

Though polling took place in an atmosphere of political tolerance unprecedented in South Africa's history – a tribute to the spirit of ordinary South Africans who put aside their rivalries for a time – the IEC *has managed, singlehandedly,* to cast doubt on the fairness of the vote.

Through incompetence compounded by deceit, the Commission provided countless invitations to fraud. And the sad irony is that the Commission's records are in such disarray that no one will ever know – or et least be abla to prove – just how many illegalities actually took place.

The catalogue of IEC inefficiencies and negligence would be funny if its consequences were not so serious. On the eve of the poll, scores of idle IEC media officials were unable to provide the name of even one polling station in Soweto, the biggest black township in the nation. When details were finally furnished, they turned out to be incorrect.

But that was no more than annoying. According to officials within the IEC itself, the commission has no idea of the location of the 35m ballot papers despatched for the poll; papers were sent to central distribution points, but what happened to them after that, no one knows.

When reports of shortages started coming in, the commission printed additional papers. But these have no serial numbers or counterfoils, making it impossible to reconcile them afterwards.

Appropriately, the commission does not know exactly how many extra papers were printed, because some were done locally. Estimates range from 8m to 12m.

Of the additional pepers, some 3m were sent to the Eastern Cape for the Transkei "homeland," where shortages were serious. But the whole of the Transkei has only 1.57m potential voters. Some 10m ballot papers had already been sent for the Eastern Cape as a whole, including Transkei – three times the total number of voters in the combined areas. No one knowe what happened to those original ballots.

There can be few more open invitations to fraud than to send excess ballot papers to an area such as Transkei, its administration corrupt and chaotic, its chief minister an ANC candidate.

Even before the voting, Transkei head Gen Bantu Holomisa symbolically handed over the keys of the "homeland" to the ANC. It is difficult to believe that he and his supporters could not find ways of using excess ballot papers to improve their party's performance.

The tragedy is that no one will ever know whether they have done so – or whether the rival Inkatha Freedom Party has done the same in KwaZulu.

In both areas, electoral officers are almost entirely drawn from the "homeland" civil service, and neither civil service employs many people who do not *toe the line* of the ruling party.

In almost every case, agents from the dominant party are the only ones present at polling stations – along with IEC monitors, again local people with predictable party sympathies, and international observers who make fleeting visits which could never detect secret frauds.

No records are kept of the names of those who bave voted, and there is no voters roll, so there is nothing to stop electoral officers from completing a few thousand ballots and stuffing them into boxes undetected.

And in both areas, temporary voter cards are issued on the flimsiest proof of identity and age. In KwaZulu, the word *of the local chief or induna* (headman) is sufficient; but chiefs are paid by the KwaZulu government and are solidly behind Inkatha.

Given a system with so few in-built controls, it will be impossible to tell whether electoral officials, party agents, or the two working together colluded to stuff ballot boxes with illegal papers – though if it turns out that 25m or 30m South Africans voted, far more than the 22m estimated voting population, this will be a clue.

Not to be put off by facts, Judge Johann Kriegler, the IEC chairman, has already declared the election an "outstanding success." One can only wonder bow he would *define a failure.*

For though violent political intimidation, so much a feature of the election campaign, was totally absent from the poll, the administrative mess engineered by the IEC could still jeopardise the result. One could assume that fraud on both sides will largely balance out (though smaller, cleaner parties will suffer); or take a charitable view of buman nature and assume few irregularities took place.

Any element of doubt could still cause political problems in the new South Africa.

A young boy passes an ANC sign in the black township of Katlehong, Johannesburg, yesterday. Township violence has dropped but tensions remain between ANC supporters and local Zulus AP

Foundations laid for Palestinian state

Julian Ozanne considers the impact of the Israeli-PLO economic agreement

Yesterday's economic agreement between Israel and the Palestine Liberation Organisation gives the Palestinians the ability to influence their economy for the first time in modern history.

More important for the PLO, the agreement allows for limited independent economic decision making. This could lay the foundation for a future Palestinian state the PLO hopes to achieve in negotiations with Israel which are due to start in 1995.

"People will start seeing Palestinian ports, airports, television stations, economic institutions," said Mr Nabil Shaath, senior PLO negotiator. "They will see a real opportunity to develop their future."

Yet the accord, essentially a free trade and customs union, keeps the Palestinian economy largely within Israel's broad macro-economic trade and taxation policy, recognising the dependence of tha territories on their neighbouring economic giant for the foreseeable future.

The Palestinian economy, backed by $2.5bn (£1.7bn) of international aid over five years, can thus expect to enhance the benefits from association with Israel's $67bn economy, including continued migrant labour.

The challenge will be to solve massive unemployment, overhaul neglected infrastructure and reverse years of stagnation which have left the 1.9m Palestinians in the occupied territories with per capita income one seventh that of Israelis.

While critics from both sides will attack the agreement, the great achievement of the accord has been to balance the economic reality of Palestinian dependence on the protected and regulated Israeli economy, with the PLO's political need to show its people that it is on the way to statehood and economic independence.

In all of the areas of the agreement – trade, taxation, monetary policy, agriculture and labour – Israel and the PLO have demonstrated their ability to strike this difficult balance. In trade the two economies will have a similar overall import and customs policy, reflecting Israel's staggered trade liberalisation which envisages reducing all import duties to a uniform 15 per cent rate by 1998.

However, the Palestinians will be able to import a long list of goods at lower customs rates to be determined by the incoming Palestinian National Authority. Most of the goods on this special list will be priority materials for the construction sector. Palestinians will also be able to import cars duty free, import and price oil products freely except for petrol (for which the pump price may not be more that 15 per cent below the Israeli price) and import goods in limited quantities from Arab countries that do not currently trade with Israel.

A Palestinian tax authority will set its own direct tax policy, including income, corporate, property and municipal taxes. However the Palestinian economy will largely edopt Israel valued added tax regime, although at a rate of 15-16 per cent rather than Israel's 17 per cent.

Israel has agreed to end the ban on the importation of Palestinian agricultural produce which has been in force since the Jewish state captured the West Bank and Gaza Strip in 1967. From the day the self-rule agreement is implemented, Palestinians can export all products freely except five items – tomatoes, cucumbers, potatoes, eggs and broiler chickens. These five products will be subject to increasing quotas over four years which will be phased out in year five. (Agriculture contributes at least 25 per cent of the Palestinian economy and employs a quarter of the workforce.)

The Palestinians will establish a monetary authority to regulate and supervise banks, set liquidity ratios on deposits, manage foreign currency reserves and oversee foreign exchange transactions. However, the two sides have yet to agree whether the Palestinians will be able to issue their own currency and until agreement is reached the Israeli shekel and Jordanian dinar will remain legal tender.

Both sides agreed that Palestinians will need to find expanded work opportunities in Israel although, due to Israel's security concerns, no final figure has been agreed on the number of Palestinian workers Israel will allow.

Increasing the number of Palestinians who work in Israel from the present figure of about 16,000 to at least 100,0000 is critical to the short to medium term viability of the Palestinian economy. Israel will transfer 75 per cent of the income tax it collects on Palestinian migrant workers to the Palestinian authority.

The agreement will apply to the Gaza Strip and West Bank enclave of Jericho, due to come under Palestinian self-rule after next Wednesday's signing of an agreement in Cairo. The economic accord will later apply to the rest of the West Bank, with minor exceptions, after Palestinian elections due in July but almost certain to be delayed.

To strike the agreement, both sides have had to risk the fury of domestic opposition. Israel will face stormy criticism from protected interests in its agriculture and manufacturing sector who will be seriously undermined. The PLO has already been accused by many Palestinians of selling out the aspiration for an independent economy after more than a quarter century of Israeli occupation.

Bnt western economists believe both sides have been wise to choose economic pragmatism over political nationalism.

Dalai Lama criticised as MFN date nears

By Nancy Dunne in Washington

A week of lobbying over China's Most Favoured Nation status in Wasbington ended with a blast from Beijing at the Dalai Lama for refusing to abandon hope of independence for his Tibetan homeland.

The lengtby statemeot issued by Beijing may have been an attempt to defend China's record in Tibet in the run-up to the US decision on renewing China's low-tariff trade status.

Respect for Tibet's religious and cultural heritage is one of the factors President Bill Clinton has said he will consider in making a decision on MFN by early June. He has pressed China to open talks with the Dalai Lama. The statement followed a meeting between Mr Clinton and his vice-president Al Gore with the Dalai Lama on Thursday.

Yesterday Mrs Anson Chan, Hong Kong's chief secretary, was set for talks with Mr Gore, in the last and most important meeting of a week spent lobbying in Washington against withdrawal of MFN on buman rights grounds.

She spent the week trying to persuade opponents of MFN renewal that buman rigbts advances could better be achieved through trade than by isolating China.

"I don't think anybody else on this eartb is more concerned about buman rights than Hong Kong," she said. The city-state is to revert from Britisb to Chinese rule in 1997.

Witb just five weeks left before Mr Clinton must decide on MFN, other Tibetan interests were lobbying this week. The *Tibet* Fund, a noo-profit group which helpe support *Tibetan* refugees, *this week* sent each member of the US Congress a tie of Tibetan design, bearing tags with pictures *and names* of individual Tibetan children.

ARAFAT VISITS GERMAN CONGLOMERATE

Daimler mixes business and diplomacy

By Quentin Peel in Bonn

When Mr Yassir Arafat, chairman of the Palestine Liberation Organisation, lands in Stuttgart on Monday, his hosts will no doubt provide him with the very latest in protection. They are well-equipped to do so.

He is not coming to see the German government, nor any of his normal counterparts in the political process, bnt that otber *German empire* - Daimler-Benz, manufacturer of the *four-tonne armour-plated limousine.*

Yet this is not, say Daimler's senior officials, *an exercise in salesmanship* or self-promotion. Germany's largest industrial conglomerate claims it is throwing its commercial weight into the Middle East peace process, in what it says is an example of business diplomacy.

Mr Arafat will be shown a splendid display of all the main products of the Stuttgart-based empire, from Mercedes limousines to Unimog trucks, buses, Airbus and Fokker aircraft, belicopters, even the engine unit of an ICE *high-speed train, all set out in* the piazza of the company headquarters. *He will visit the Mercedes plant at Tür*kheim, and the company museum, *designed to appeal* to his background as an engineer.

But the company says the real purpose, promoted by Mr Edzard Reuter, Daimler's chief executive, is to demonstrate the support of a business empire for the political negotiations between Israel and the PLO.

The unlikely initiative has official blessing from *Chancellor Helmut Kohl* and Mr Klaus Kinkel, his foreign minister, *as well as Israel.*

In talks in 1992 with both Mr Yit*zhak Rabin and Mr Shimon Peres, Mr* Reuter spelt ont his belief that a small, *highly industrialised state like Israel,* would only have good economic prospects if its neighbours could be drawn into a common market. He urged an intiative to promote cross-border co-operation in the Middle East.

Now Daimler-Benz intends to get involved with projects snpporting development of the Palestinian territories, although nobody is talking of anything quite so extravagant as new car or bus plants.

What Mr Reuter is proposing is help with *analysing the infrastructure* problems, designing water snpplies and *transportation* links, and *assistance* with the education and training of the *Palestinian workforce.*What Daimler-Benz is not expecting, is a hugely profitable return for its immediate involvement.

Indonesian state banks come under spotlight

Loan scandal helps private banking sector, writes **Victor Mallet**

For Indonesians weary of *corruption* and *secrecy* in government and big business, the recent sight of some of President Suharto's *most influential* advisers being summoned by the attorney general's office for questioning about a $430m (£286m) bank scandal has been particularly invigorating.

The crippling bad debt problems of the Indonesian state banks – often the result of collusion over loans between powerful officials and the ethnic Chinese businessmen who dominate the economy – have been a topic for private gossip in Jakarta for the past three years.

Only in the past two months, however, has the matter been publicly aired. The authorities have arrested businessman Mr Eddy Tansil and five officials of the state-owned PT Bank Pembangunan Indonesia (Bapindo) in connection with a $430m letter of credit supposedly earmarked for petrochemical projects in Java. With accrued interest the loan *should be worth some $620m,* but prosecutors allege some of *the money was diverted* to Hong Kong and the loan is not being serviced.

The Bapindo letter of credit is only one of more than 40 bad or doubtful big loans of $50m or more believed to be on the books of the seven state banks, but private commercial bankers have praised Mr Mar'ie Muhammad, the finance minister, for at least starting to bring the bad debt crisis out into the open.

Mr Muhammad announced that 21.2 per cent – or about $7bn – of the outstanding loans extended by the state banks were classified as bad or doubtful, compared with 17.4 per cent at the end of 1992, and 6 per cent in 1990; the true situation may be even worse, according to economists and bankers in Jakarta, because Mr Muhammad's figures are based *on the banks' own, probably* over-optimistic, assessments of their loans.

To the delight of Indonesian *liberals pressing* for e more open and accountable government, those questioned at the attorney general's office over the Bapindo scandal include Mr J.B. Sumarlin, former finance minister and now chairman of the Supreme Audit Agency, and Mr Sudomo, the former senior minister in charge of political and security affairs who provided e reference for Mr Tansil; their testimony will be used in a forthcoming trial of Mr Tansil and the Bapindo suspects.

The disclosure of the extent of the difficulties faced by Indonesian state banks has had both good and bad results for the Indonesian authorities.

It may have further dented international confidence in the banking sector; the country *has more than 230 commercial* banks, but the seven state banks *account for half of* banking business and the top 10 private banks *for a further* 35 per cent.

However *the scandal has* helped the growing privata bank sector (some of the state banks' more reputable clients have moved thair custom to the stronger private banks) and shown the seriousness of government efforts to curb "memo" lending – the informal system whereby bankers approve loans on the basis of an instruction from an influential official rather than on the economic merits of the scheme for which the money is theoretically being disbursed.

A government programme to reform and recapitalisa tbe state banks – financed by the Indonesian budget, by converting central bank loans to the state banks into equity, and by a $300m loan from the World Bank approved in 1992 – is already well under way, although the troubled Bapindo *itself is excluded from* World Bank support.

The authorities have *hired* Kroll Associates, the international detectives, to bunt for assets of Golden Key, Mr Tansil's group of companies, and have raised the possibility of bringing in foreign managers to clean up the state banking system.

Disclosures about the activities of the banks are nevertheless likely to be restricted by the desire to protect the Suharto family and other influential Indonesians from overeager investigators.

Mr Hutomo Mandala Putra, better known as "Tommy" Suharto, the president's youngest son, had a stake in one of the Golden Key companies but it is claimed that he sold it before the controversial loan was made in 1992. The Bapindo-Golden Key loan agreement, *meanwhile,* seems to have disappeared, if it ever existed.

*Members of the ruling Gol*kar party not only exposed the scandal over Mr Tansil and Golden Key but also criticised another company, the Kanindo textile group of Mr Robby Tjahjadi, for having $700m of outstanding debts to Bapindo; the Kanindo issue surfaced briefly in the Indonesian media but has now been buried, probably on the orders of a senior official implicated in the matter.

"The squashing of the information is already going on," said one Jakarta-based economist who has followed the Bapindo saga.

Or, as a banker put it, "They are struggling between making a clean breast of things and not being able to be too open about what happened."

Lancer Boss staff unite to back German bid

By Andrew Baxter

Senior management and employees at Lancer Boss, the Bedfordshire-based lift-truck producer which went into receivership this month, are backing a takeover by Jungheinrich of Germany.

It emerged yesterday, however, that the Hamburg-based company is facing a serious challenge for Lancer Boss from Terex, the US industrial and construction machinery group, which entered the lift-truck business in 1992.

Mr Allan Griffiths, a partner at Grant Thornton and one of the administrative receivers at Lancer Boss, said there was a shortlist of three potential purchasers for the businesses.

According to a senior manager at Lancer Boss, two "very serious" bids have been made by Jungheinrich and Terex. The third approach is understood to come from a South Africa-based entrepreneur.

A management buy-out is said to have been discussed, but according to the senior manager there is no buy-out proposal at present. Potential management "buy-ins" have also been proposed.

Amid continuing speculation about the identity of potential purchasers of Lancer Boss, one report suggested that Hanson, the Anglo-US conglomerate, may also be interested. On Thursday the ITV television programme Anglia News said it had received a fax, purportedly from the receivers to departmental heads at Lancer Boss, to which a handwritten addition names Hanson and Jungheinrich.

Hanson said yesterday that it never commented on rumours or market speculation. The senior manager at Lancer Boss said staff from Grove, the Hanson crane company, had visited Leighton Buzzard but that Hanson's involvement was a "non-starter" and probably too late.

He said staff were solidly behind the Jungheinrich bid, which would produce a "much better fit" than a takeover by Terex. Managers of the UK company were even prepared to offer a "seven-figure sum" to top up the German company's offer so that it could win the contest.

Jungheinrich has already bought Steinbock Boss, the former German subsidiary of Lancer Boss, from a German receiver, and the trading relationship between Steinbock and Lancer is crucial to the Bedfordshire company.

Mr Simon Valente, convener for the GMBU general union at Lancer Boss, said Jungheinrich had told him that it wanted to "invest money, secure jobs and recruit people".

Mr Griffiths, meanwhile, said he was "reasonably confident" that he would be in a position to complete a sale of Lancer Boss by the end of next week.

Last round-up for landfill cowboys

Taxpayers may foot the bill for higher waste disposal standards, says Bronwen Maddox

At midnight tonight tough new rules aimed at driving "cowboys" out of the waste management industry come into force.

The effect, according to waste companies, will be to treble or quadruple the cost of rubbish disposal by the end of the decade. While large waste companies have welcomed the rules, they warn that those costs will eventually be passed on to industry and consumers.

According to Mr Steve Charles of Redland, the building materials group, which runs more than 20 of the UK's landfill rubbish dumps, "the new regulations certainly will impose more monitoring requirements and more costs, but we have been following many of these [practices] for some time".

Friends of the Earth, the environmental pressure group, has argued that taxpayers could be left with the bill for cleaning up landfills whose operators have rushed to hand in their licences before the new rules apply.

The new rules, whose introduction has been delayed for a year while contradictions with European directives were sorted out, will make holders of landfill licences:

- Demonstrate that they are "fit and proper" to run the site.
- Monitor landfills after they are closed, possibly for 50 years, and clean up any pollution.
- Demonstrate that they have the financial resources to meet these long-term liabilities.

The rules aim to curb the problem of ill-designed and poorly managed landfills leaking poisons into the soil and water tables, and emitting polluting gases such as methane.

About 5,000 UK licences were in issue in 1990. Many were held by farmers or small quarries, who gained extra revenue by allowing rubbish to be tipped on their land.

About 90 per cent of UK waste now goes to landfill, a small amount to recycling and the rest to incineration. The cost of landfill has remained low in the UK compared with continental Europe because the UK is blessed with a large number of unfilled quarries from the excavation of building materials.

Although environmentalists fear that "cowboy" operators, anxious to avoid the new liabilities, will have rushed to hand back licences to local authorities before the May 1 deadline, there are no national figures on how many licences have been surrendered in the past two years, since the form of the new rules became clear.

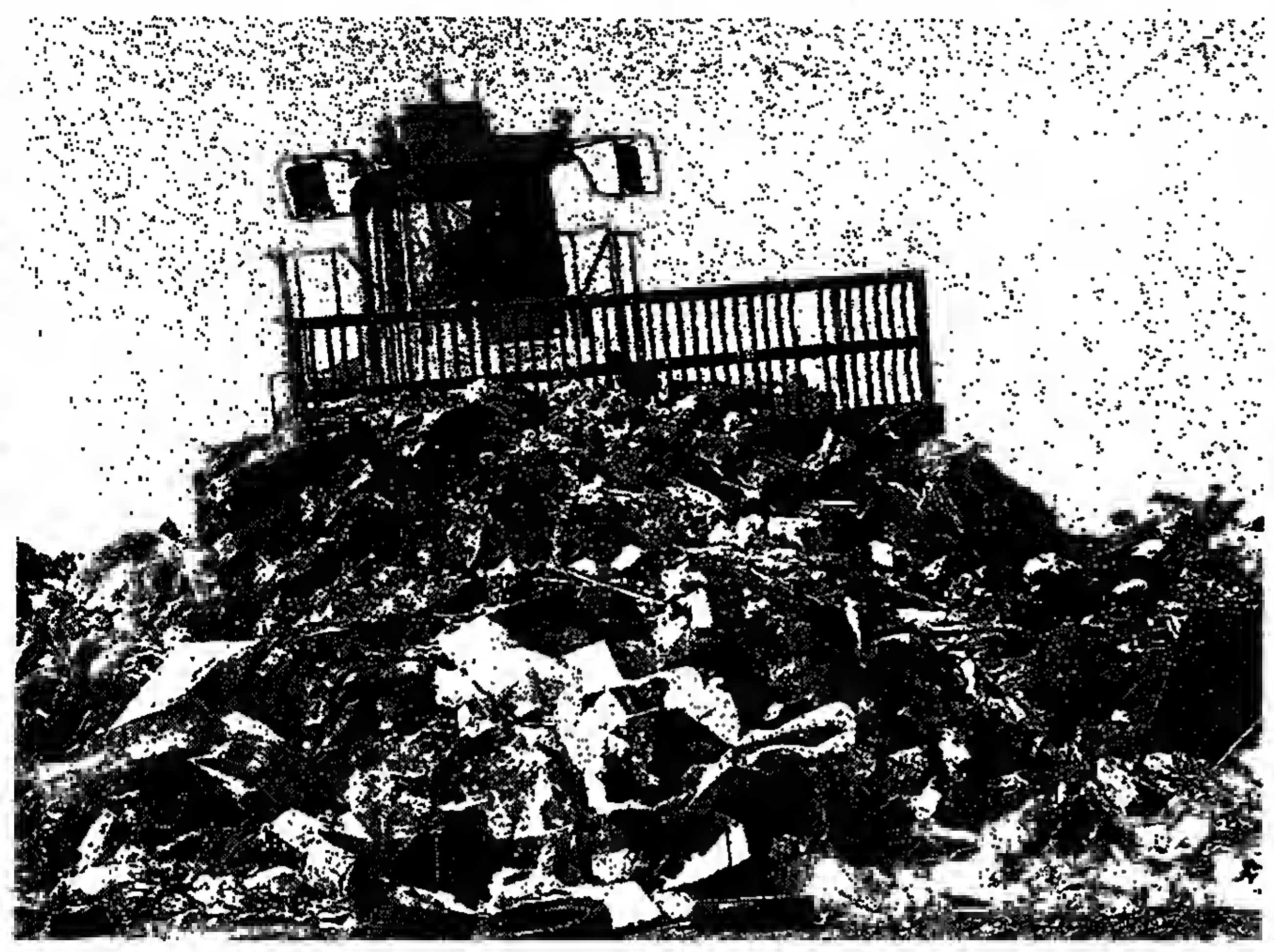
However Mr Steve Webb, policy director of the National Association of Waste Disposal Contractors, which represents most of the waste industry, said: "My impression is that it has been more dribs and drabs than a rush. If the pay-off for getting dodgy operators out of the industry is that they surrender their licences, so be it. If they were unable to meet their liabilities, the cost would come back to the taxpayer anyway."

The Department of the Environment has estimated that the new rules could increase the cost of waste disposal through landfill by 80p per tonne. Typical charges range from £3 to £16 a tonne.

However, the association estimates that there could be a 140 per cent rise in prices in the near future, although present overcapacity, caused partly by the recession, may delay this for some months. Mr Chris Murphy of the Institute of Wastes Management, a professional association for waste engineers and managers, estimates that prices could rise by three or four times by 2000 as the cost of opening new sites rises.

But waste companies say the new rules create new problems. No commercial operator is now likely to take over a half-filled landfill from another private company or local authority because of the unknown pollution risk.

The companies say it has also become nearly impossible to get long-term insurance to cover pollution risks.



Ashley Ashwood

Mounting concern: household waste being unloaded at Cory Environmental Pollution Control Sevices, at Mucking, Essex, yesterday

Bankers reject freer societies

By Alison Smith

Leading banks have launched a campaign to stop building societies being given a new range of freedoms as a result of the government's review of the Building Societies Act 1986.

The British Bankers' Association has submitted a memorandum to the Treasury which argues that the existing regulatory regime for societies is justified, given their unique privileges. The review was announced in January as part of the deregulation initiative.

The association argues that changes to societies' powers should be looked at on the merits of each case, but that the legal framework – which some societies want removed – should be retained so long as they are mutual organisations.

In recent months competition between banks and building societies for market share in mortgage lending and for retail deposits has intensified.

The first element of the review's conclusions which is due to be released next month, is expected to include an increase in the ceiling on the amount of money that societies can raise on the wholesale markets, from 40 per cent to 50 per cent.

It is also expected to reduce the need for societies to communicate individually with their millions of members in some circumstances.

Abbey National and TSB have been among the most vocal banks arguing that societies should not receive greater freedoms without having to become more accountable to their members.

While the emphasis in the association's memorandum is on maintaining the existing restrictions, some banks would like to see the rules on takeovers relaxed.

Mr Peter Birch, chief executive of Abbey National, has proposed ending the power of societies' boards to block an offer from another organisation by refusing to put it to society members for a decision.

Tory peer criticises finance bill verbiage

By Ivor Owen, Parliamentary Correspondent

Lord Cockfield, the Conservative peer and former Treasury minister, yesterday criticised the length and complexity of the finance bill before it completed its passage through the House of Lords.

He contrasted the verbiage of the 259 clauses and 26 schedules in the 462-page bill with the brevity of the legislation that introduced the pay-as-you-earn income tax regime in the 1940s. Lord Cockfield said that only 10 or 15 pages had been needed to establish PAYE, which remained the bedrock of the taxation system.

He said the impetus provided by earlier Conservative administrations to simplify the tax system had been lost, and legislation was being introduced that was "more and more complex, more difficult and more unintelligible".

Lord Cockfield called on ministers to devote more effort to the style of legislation.

Lord Boyd-Carpenter, another Conservative peer and former Treasury minister, said the bill's tax increases had been made necessary by the government's failure to restrain expenditure.

The bill is expected to receive royal assent on Tuesday.

PIA chief warns on sales cash disclosure

Mr Joe Palmer, chairman of the Personal Investment Authority, yesterday warned that new regulations requiring sales agents to disclose their commission arrangements "will not be a panacea", Norma Cohen writes.

Mr Palmer told the conference in Brighton of the National Association of Pension Funds: "Many people are justifiably concerned about commission bias. But I'm not sure that changing the commission structure will be a panacea which ushers in a new utopia."

Mr Palmer also said that the Treasury and the Securities and Investments Board were still concerned about the ability of a small life insurer to regulate the sales activities of a much larger tied agent, such as a building society.

Illegal video copies found

Reliance Mutual Insurance Society yesterday agreed in the High Court to pay £150,000 in compensation and costs to two video companies after more than 125 illegally copied training films were found at the society's head office in Tunbridge Wells, Kent, and a branch office in Cambridge.

The action was brought by Video Arts, founded by comedian John Cleese, and Melrose Film Productions.

Tax staff show switch to Labour

Substantial numbers of Inland Revenue staff plan to switch their votes from the Conservatives to Labour, a survey by MORI, the research organisation, for the Inland Revenue Staff Federation has found.

The poll of 1,000 federation members found a 14.5 per cent swing from the Tories to Labour since the 1992 general election, with 62 per cent supporting Labour, 12 per cent the Conservatives and 24 per cent the Liberal Democrats.

B&C writ issued

Barclays Bank yesterday said the administrators of British & Commonwealth Holdings, the collapsed financial services group, had issued proceedings against BZW, Barclays securities arm, for an unspecified amount. The action is in connection with B&C's acquisition of Atlantic Computers.

Cost tracking

A total of 13 of the largest railway stations have so far had their signs repainted or replaced in the colours of Railtrack at a cost of £87,921, Mr Roger Freeman, transport minister, said yesterday. Railtrack took over British Rail's infrastructure at the beginning of the month.

Pit may reopen

Markham Main Colliery near Doncaster, South Yorkshire, is expected to reopen under private management in a deal set to be completed this weekend. Coal Investments, headed by British Coal's former commercial director Mr Malcolm Edwards, is negotiating to lease the colliery.

Deal on LBC

London News Radio yesterday agreed with Arthur Andersen, receivers of the London Broadcasting Company, to take over LBC. The deal needs Radio Authority approval.

Proposed tobacco advert ban attacked

By Diane Summers, Marketing Correspondent

Newspaper and magazine publishers lined up yesterday to oppose a private members' bill that would outlaw tobacco advertising, warning that such a ban would "amount to censorship and set a dangerous precedent".

The bill, proposed by Mr Kevin Barron, Labour MP for Rother Valley, is due to reach its report stage on May 13. The government, which opposes the bill, was surprised by the scale of support for the measure at second reading when MPs voted by 227 to 17 in favour of it.

In an attempt to pre-empt the bill, it is still possible the government will announce before May 13 that it has reached agreement with tobacco manufacturers on stricter voluntary controls on advertising.

MPs are being urged by newspaper and magazine publishers to "reaffirm their support for the freedom of the press, the freedom of speech and the freedom of consumer choice by rejecting any attempts to outlaw advertising of products legally and freely available in the UK".

A statement circulated to MPs yesterday was signed by industry groups including the Newspaper Publishers Association, representing national newspapers; the Newspaper Society, which represents the regional and local press; and the Periodical Publishers Association, representing magazines.

The Advertising Association, the umbrella group which has been co-ordinating opposition to the bill, calculates that the publishing industry stands to lose about £50m a year in advertising revenue if a ban goes ahead.

Car servicing faces 'tough future'

By John Griffiths

A harshly competitive future is being predicted for the car repair and servicing industry. Several thousand outlets are forecast to close as a result of improved car reliability and the projected ability of many vehicles to travel 30,000 miles between services by the end of the decade – more than double the present norm.

This means the retail market for servicing and repairs will grow in value by just 14 per cent between now and the year 2000 from £6.4bn to £7.2bn – a decline in real terms, says Market Facts & Business Information, the research group.

As a result some 3,600 of the nearly 20,000 independent companies in the sector are likely to disappear by the year 2000, according to a study of the sector by the group.

It says the heightened competition will mean that those jostling for a share of the market – franchised dealers, "fast-fit" chains and "superstore" outlets such as Halfords in addition to the independents – will be unable to increase charges to offset the decrease in volumes.

They will also face demands for higher standards of service from motorists, who will require longer opening hours, a wider range of services and guarantees of quality on workmanship.

"Garages need to realise that there is a significant difference between providing the various services motorists need, and the standard of service quality with which those services are delivered," the study's author, Mr Robert Macnab, said.

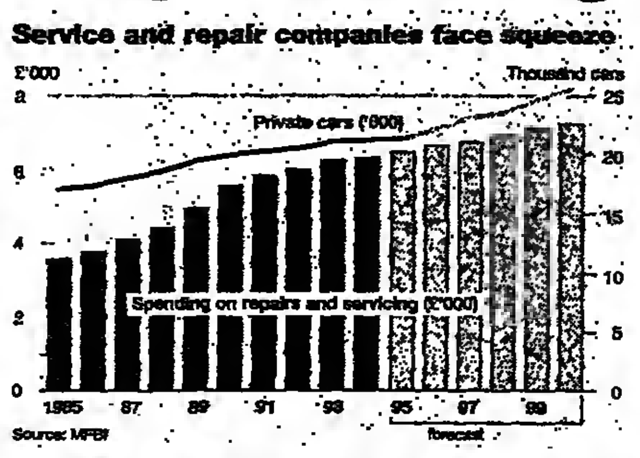
Interviewing 1,000 motorists for the study, the group found that drivers still largely mistrust the retail service and repair trade.

As a result, it concludes, the successful participants in the market will increase their share of the business by using high-quality service as a competitive advantage. "The losers will be those who pay lip service to customer-service quality," it said.

While the report warns that independent garages are most at risk, it predicts that there will also be a further decline in the number of franchised dealerships which make up the remainder of the 31,000 companies operating in the sector.

The Retail Car Servicing and Repair Market. MFBI, Pippingford Park Manor, Nutley, East Sussex TN22 3HW. £95.

Service and repair companies face squeeze



Source: MFBI

Ford cuts dealer margins on two executive models

By John Griffiths

Ford's Granada and Scorpio executive models yesterday joined the list of vehicles where manufacturers are slashing or eliminating dealer profit margins in order to cut list prices – and the company car tax liability of purchasers.

Ford's cuts in dealer margins, which it would not disclose, reduces the list price of the dearest model, the Scorpio 2.9 litre 24-valve estate, to £26,545 – including value added tax – from £29,310. Its cheapest model, the Executive 2.0L, falls to £15,995 from £18,100.

The cuts imply a reduction in margins to almost nothing in respect of the cheaper cars to about 5 per cent on the more expensive models.

Its Granada/Scorpio range has recently been sold on an official dealer margin of 10 per cent. This followed a decision by Ford and other leading carmakers last year to reduce the traditional margins of 15 per cent to 16 per cent.

Earlier this month Vauxhall launched its Omega model with a list price based on a 5 per cent margin for dealers.

Ford has already gone a step further with its new Probe coupe. The cheapest model costs £15,995 and dealers are simply being given a handling charge of about £1,000 with no formal profit margin.

Rover is also understood to be launching two "tax-beater" versions of its Rover 800 executive cars, where dealers will receive only a £500 handling charge. Volvo and Renault have taken similar action.

The moves will save buyers substantial amounts on their company car tax bills under the scheme based on list prices introduced earlier this month.

Company car drivers could be playing at least as big a role as thieves and vandals in sending insurance rates soaring, according to a survey of accident rates.

Last year more than eight out of 10 drivers employed by companies using the Shrewsbury-based Fleet Management Services had an accident, according to its survey.

The survey analysed reports to FMS's insurance claims management department last year.

Directors and senior managers were the worst offenders, while the most common form of accident – 10 per cent of the total – was hitting obstructions while reversing.

Adams sees little hope of ceasefire

By David Owen

Mr Gerry Adams has dealt a further blow to bopes of an early end to violence in Northero Ireland by warning that the IRA is unlikely to call a unilateral halt to its 25-year armed campaign.

In an interview that coincides with a renewed upsurge of sectarian shootings in the province, the president of Sinn Féin, the IRA's political wing, urged all sides to lay down their arms, saying that "demilitarisation" was what was needed.

Meanwhile, aecurity forces were yesterday investigating reports that the IRA had murdered a suspected informer and left the body near the border town of Newry.

This would be the 10th sectarian killing in the province in nine days – the worst ontbreak of violence since the Downing Street declaration was signed in December.

Mr Adams's remarks, published in an Austrian newspaper, came as he was urged to "walk away" from the IRA's gunmen by Mr Seamus Mallon, deputy leader of the mainly Roman Catholic Social Democratic and Labour party.

Mr Mallon's appeal followed tbe killing of a Protestant father-of-three by terrorist gunmen in Armagh on Thursday night.

The Newry and Armagh MP said that if leadersbip meant anything, it meant walking away from the perpetrators of "this type of gross sectarian slaughter". "If Mr Adams is serious, he sbould walk away," Mr Mallon said.

Mr James Molyneaux, leader of the Ulster Unionist party, said the security situation would get worse unless London recognised that the declaration had run its course. "There is no point in bargaining with the IRA," he said.

Downing Street last night reiterated that it wanted a permanent end to IRA violence.

Mr Adams, interviewed by Der Standard, said: "We need a demilitarisation, I bave committed myself to that.

"I have called on all those involved to put down their weapons – the IRA, the British, the loyalists. And I stand by that.

"I believe we are in a crisis at the moment. If the British stonewall and refuse to move, everything will freeze – the loyalists will step up their murder campaign and the British will intensify the military occupation."

Mr Adams said he was not interested in a "temporary or partial peace", and said it was "most unlikely" that Republican forces would unilaterally pledge a permanent ceasefire.

"It is going too slowly for me," he said, expressing frustration that "we are hostage to the right wing of the British Conservative party".

Des res for buyer with £60m

Prime site: Treasury Chambers (top centre), next to the Foreign Office and overlooking Parliament Square Photograph: Glyn Genin

The potential departure of the Treasury mandarins from their English Renaissance-style building overlooking Parliament Square opens an attractive site to the ambitions of property developers and those seeking a prestigious London base.

The 646,000 sq ft offices, estimated to be worth about £60m, are grand, well-located, loaded with contemporary political history – and faced with refurbishments which may be too costly for the Treasury to bear.

One possibility is that Treasury Chambers will follow the fate of County Hall, once the bome of London's local authority, and provide rich pickings for the leisure industry.

Whether dedicated to the great chancellors, or a chamber of horrors of the others, the idea of halls alive with sound-tracks and laser on the theme of British government – and so close to many of London's most popular tourist sights – could prove irresistible to theme-park magnates.

Property developers suggest thet a mixture of up-market apartments, a hotel and offices would be its most likely future, with a high level of Far Eastern interest in such developments. Alternatively the building could provide an elegant headquarters for an international institution.

The completion of the new Gatt trade treaty means a beefed-up World Trade Organisation, which will need more space than Gatt's current Geneva base offers. The WTO is talking to the Swiss about expansion, but its creation has quickly brought offers of buildings from Bonn, which is losing Germany's seat of government to Berlin.

The problems for any new tenant would be the same as the Treasury's in terms of the excessive costs of upgrading the building. Commercial property advisers say only wholesale refurbishment would bring it up to modern standards.

The building's use would be constrained by its Grade II listing, which covers internal features including a central marble staircase, panelled offices and a circular inner courtyard.

Westminster City Council, the local authority, is wary of any use that would generate traffic, particularly a stream of coaches, around Whitehall.

Another scheme for which the Treasury might be suited is the "one-stop shop" for international investors being promoted by the City Development Corporation and Westminster council. Mooted as a contact point for the international community and a public relations and information service for London, it would house exhibitions and conferences.

Other interested parties might include the media, with the site offering clear advantages for 24-hour news stations.

An unknown quantity, however, is the degree to which security considerations would come into play. With Whitehall full of secret tunnels, communications rooms and nuclear shelters, it may be that the site would have to be rented to an organisation on the "inside track".

This might well rule out the chances of it becoming a "centre of financial excellence" through the takeover of its corridors by the London School of Economics, which tried so hard to get County Hall.

The LSE's director, Mr John Ashworth, points out that the prospect of 5,000 LSE students camped so close to Downing Street is a scheme unlikely to appeal to those in power. "Can you imagine the signs that would be visible?"

Jenny Luesby

US group to set up plant in Scotland

By James Buxton, Scottish Correspondent

A Chicago-based company which manufactures electronic components is to set up a plant in East Kilbride, near Glasgow, and hopes to create 400 jobs during the next three years.

The latest addition to the substantial number of electronics companies in what is often called Silicon Glen – the central belt of Scotland – is International Components Corporation, which employs 900 people worldwide.

It designs and manufactures battery chargers for mobile prodncts such as laptop computers and mobile telephones.

Mr Jim Gaza, president of ICC, said it was setting up a plant in Europe to meet surging demand.

The 50,000 sq ft facility in East Kilbride would carry out assembly and testing.

Mr Gaza said ICC was attracted to Scotland because it would soon have ready access to continental Europe via the Channel tunnel, and also because it had a flexible workforce with experience of the electronics industry.

The Scottish electronics industry includes computer manufacturers International Business Machines and Compaq, while Motorola has a mobile-telephone plant.

This week the Scottish Office said output in the electronics industry rose by 8 per cent in 1992, accounting for 20 per cent of Scottish manufacturing. Employment fell 2 per cent to 41,500.

Tories 'score election own goal'

By James Blitz and John Authers

Labour yesterday said that the Conservatives had scored the biggest own goal of the local election campaign after Tory party managers accidentally confirmed they were trailing badly in the opinion polls.

The figures on voting intentions, confirming that Labour has a commanding lead over the Tories and Liberal Democrats, were revealed in a press release issned by Central Office on behalf of Mr John Patten, edncation secretary.

The document contained a Gallup poll for the Conservative party showing that 77 per cent of those polled were in favour of national school tests and that there was 75 per cent support for the publication of school examination results.

The Gallup figures also disclosed the overall voting intentions of people polled between April 13 and 18. This showed that, two weeks before the local elections, Labour had a 47 per cent lead in the polls, with the Tories on 26 per cent, the Liberal Democrats on 24 per cent and others on 3 per cent. The Tories' figures are almost identical to the findings of a Gallup poll for the Daily Telegraph over the same week. A MORI poll for The Times over 18 to 25 April showed similar figures and suggested snpport for the Tories was at its lowest for 15 years.

Mr Jack Straw, shadow enviroonment secretary, said the inclusion of the figures was "the most striking own goal" of the campaign. "This is a party which cannot even run their own back office, let alone the country," he said.

The Liberal Democrats were also quick to exploit the Tory poll, saying that it showed they were within "striking distance" of the Tories in the run-up to polling day.

But Mr Gerald Malone, Tory deputy chairman, accused Mr Straw of responding "like a scalded cat". He said the Tory vote was bolding up when compared with a Gallup poll conducted between March 29 and April 4, while the Labour vote had fallen 4.5 points.

Clock starts for Major, Page 6

Companies hold back on D-day sponsorship

By Stewart Dalby

Companies approached for sponsorship for D-day events have become besitant about committing themselves in the face of hostility from veterans' associations such as the Royal British Legion.

GEC and Hanson are thougbt to bave been approacbed by the London public relations agency Lowe Bell – acting on behalf of the Department of National Heritage – to back a programme of events. These would include a possible concert in Hyde Park involving Dame Vera Lynn, the singer and so-called forces sweetheart.

The Royal Britisb Legion, which represents 750,000 and is the largest ex-service organisation in the country, has made known its opposition.

It said yesterday: "We do not know the position on the Hyde Park event because it is very sketchy. But yes we do feel that any event should be in keeping with the occasion and we are not sure that a concert of this kind would be appropriate. We have nothing against Dame Vera Lynn, of course."

GEC said yesterday: "Nothing has been decided about D-day."

Hanson, another of Britain's largest companies, would only say: "We are examining what contribution we can make to D-day."

The group declined to say whetber it had been approached for sponsorship.

The Department of National Heritage confirmed that Lowe Bell had been hired to sound out industrial companies and other organisations, including media groups, about the possibilities for sponsorship, but said nothing bad been decided about the Hyde Park event.

The Royal Britisb Legion was at pains to point out that the national programme being contemplated by the national heritage department was what was at issue.

The programme of commemoration services in Portsmouth and Normandy, some of which will be attended by the Queen and other heads of state, was not in contention.

BCCI man 'acted on instructions'

By John Mason, Law Courts Correspondent

A senior Bank of Credit and Commerce International official accused of helping to fraudulently boost the bank's profits acted honestly and on the instructions of Mr Swaleh Naqvi, the bank's chief executive, the Old Bailey was told yesterday.

Mr Anthony Glass QC, who was making an opening defence statement on behalf of Mr Imran Imam, said many of the facts before the jury were not disputed.

Mr Imam, a former BCCI accounts officer, had not disclosed to the bank's auditors details of BCCI guarantees to underwrite multi-million dollar loans to wealthy clients. The prosecution has claimed Mr Imam did this to present a false picture of BCCI's profitability to the outside world.

Mr Imam denies six charges including conspiring to conceal documents, conspiring to falsify records and furnishing false information.

Mr Glass said Mr Imam had been only a "minor functionary" in the bank and had acted purely in an administrative capacity. He had carried out instructions given to him by Mr Naqvi and other superiors.

The trial resumes on Tuesday.

● The jury in the trial of Mr Nazmu Virani, the property entrepreneur, had atill not reached verdicts yesterday. It will resume its deliberations today and, if necessary, on Monday.

Mr Virani, who is accused of helping artificially to boost the profits of BCCI, denies charges of theft, false accounting and furnishing false information.

Invesco reduces unit trust charge in quest for clients

By Scheherazade Daneshkhu

Invesco, the fund management group, is to cut the initial charge across the range of its unit trusts from the industry norm of 5.25 per cent to 3 per cent from Tuesday.

The move signifies further competition in the unit trust market, which has so far concentrated its energies on price-cutting in tax-free personal equity plans.

Mr Alan Wren, managing director of Invesco fund managers, said the decision was "purely commercial" with the intention being to grab greater market share and attract longer-term investors.

He said that in the past two years Invesco's funds under management in the UK have barely grown compared with a market average growth of between 50 per cent and 100 per cent. The group had £1.26bn funds under management in the UK at the end of last December, according to the Association of Unit and Investment Funds. Two years ago it was one of the 10 largest fund managers in the UK, but now it is just outside the top 20.

Invesco, has been dogged by adverse publlcity in Britain. This has undermined the group's ability to attract clients and culminated last year in a fine of £750,000 imposed by Imro, the self-regulating body for investment management. Imro and the Securities and Investments Board, the City's chief regulator, acknowledged that the group had taken steps to change its management and to implement compliance procedures that should prevent a repetition of such rule breaches.

Some 20 senior executives left the company last year, and the company is still in the process of administrative reorganisation and withdrawal from areas other than the core business of fund management. It is consolidating its range of unit trusts by reducing them from 32 funds to 21 funds.

This month it reported sharply improved pre-tax profits for the year to the end of December of £33.4m, against £12.6m the previous year.

Invesco is not the first fund management group in the UK to reduce its unit trust charges – but it is by far the largest. In 1988 Lazard abolished the initial charge on all its unit trusts and in 1992 Murray Johnstone reduced its unit trust initial charge to 1 per cent.

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FINANCIAL TIMES
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Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
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The high yen vice

As soon as a theory of exchange rate determination is generally accepted as true, events prove it false. This seems to be an iron law of economic life.

Once upon a time changes in trade balances were thought to determine movements in exchange rates. Then money supplies, prospective inflation and relative interest rates were believed crucial. Therenpon, prospective returns on real assets seemed decisive. Now the weakness of the US dollar and strength of the yen suggest thet trade flows are again the major factor. Other explanations for why the yen has nudged its all-time record high against the US dollar are not easy to find.

Unless investors have taken leave of their senses, a popular non-economic explanation – shifts in political confidence – can be rejected. President Clinton's administration may have had its rocky moments, notably over the Whitewater affair. It will probably have such moments again. But Japan can barely boast a government at all. Only this week the Social Democratic party – angered by their coalition partners' decision to form a new conservative grouping, led by Mr Tsutomn Hata's Japan Renewal party – walked out of the coalition. The socialists thereby deprived the government of a parliamentary majority just hours after it had elected Mr Hata prime minister.

Changed views about the prospects for inflation may provide part of the explanation for the recent strength of the yen. Japan has virtually no consumer price inflation, while producer prices have been falling since November 1992, by 2.2 per cent in the year to February 1994. Such price declines are likely to continua, partly because of the strength of the yen, but also because tha latest data belie earlier hopes of recovery.

Industrial production

Japan's industrial production, for example, fell 3.1 per cent in the year to March 1994. Output was up in March itself, but the Ministry of Trade and Industry has argued it will fall once more in April and May. In March, housing starts fell for the first time in 22 months, while unemployment rose to the highest level in seven years. True, the rate stood at 2.6 per cent, which demonstrates that Japan's economic problems are not quite like those of anyone else.

Japan's inflation may turn out to be still lower than had earlier been thought, but US inflation is unlikely to be much higher. The only thing likely to frighten markets about prospects for US inflation would be foolish pressure from the administration on the Federal Reserve. The nominations of Mr Alan Blinder and Ms Janet Yellen, though self-proclaimed pragmatists on inflation, are hardly likely to scare the horses that much. It may be revealing, however, that a lower than expected growth rate in the first quarter led to a small rise in long-term interest rates.

One reason why US prospects for inflation have hardly deteriorated have been the increases in short-term interest rates imposed by the Federal Reserve since early this year. Partly because of this and partly because Japanese short rates fell in the second half of last year, short-term interest rate differentials have moved in favour of the US dollar, by almost two percentage points, since mid-1993 and by almost one percentage point since the beginning of 1994. Yet since mid-1993, the US dollar has failed to strengthen against the yen and has even weakened in the course of this year.

Fundamental fact

If changes in nominal returns on short-term securities fail to explain the strength of the yen, those on longer-term assets are also unpersuasive. Returns on long-term bonds have been negativa averywhere, including in Japan. Japanese equities did rise 19 per cent between early 1994 and mid-March, while the US market went nowhere. But more recent news suggests that economic prospects in Japan are deteriorating.

The fundamental fact underlying the relation between the US dollar and the yen is the persistence and size of the Japanese current account surpluses, at $131bn in 1993 and forecast by the International Monetary Fund at virtually the same level this year and in 1995. Meanwhile, there has been a pronounced decline in the willingness of Japanese investors to purchase long-term foreign assets since the late 1980s. This puts the burden of offsetting the current account surplus on more price sensitive short term capital flows.

If the current account is the main factor driving the exchange rate, there is reason to worry. Higher exchange rates have little medium-term effect on the Japanese surplus. There is a danger of a vicious circle of stagnation, high current account surpluses, a higher yen and then still more stagnation.

The best way out of the dilemma would be for the Bank of Japan to lower interest rates and buy US dollars, driving down the yen and expanding the economy. Unlike the Fed, which intervened yesterday, it could do this without limit. In practice, it is too frightened by the experience of the bubble economy to try. So whila bureaucrats and politicians fiddle, prospects for a strong Japanese recovery burn away.

Philip Stephens on the fault-lines that may threaten the prime minister's survival

The clock starts to tick for Major

The conversation is about Mr John Major's prospects of survival. The minister sitting across the restaurant table hopes he will hold on to 10 Downing Street. But he is just as uncertain as the rest of us about the prime minister's chances.

The Tory leadership has disappeared these past weeks from the front pages. The respite is misleading. As the local and European elections approach, the talk at Westminster is of nothing else.

Scratch beneath the surface and there is something else. Some senior Conservatives have begun to think the unthinkable. The question they ask is not whether the prime minister will last the summer but whether the party he leads can be saved from self-destruction.

Back in the restaurant, the minister wants first to know how active Mr Michael Heseltine's lieutenants have been. Is the trade secretary, the favourite for the succession, encouraging them to campaign? Have colleagues been promised jobs in a Heseltine government?

And what about Mr Michael Portillo, the Treasury chief secretary? Is it true that the 40-year-old guardian of the Thatcherite torch has decided he will, after all, stand in any leadership contest? What is the judgment among political journalists on how many of the Euro-sceptic right would choose Portillo over Heseltine?

The talk turns to the fading fortunes of Mr Kenneth Clarke. Six months ago the chancellor was everyone's front-runner. Now he has disappeared from view. It is time, his friends say, for Mr Clarke to resurrect his profile.

The discussion has a surreal quality. Most ministers are horrified that the party which once prided itself on discipline and unity might turn out a Tory prime minister for the second time in four years.

Mr Major won the general election. For all his faults he has held the party together over Europe. Economic recovery is at last a visible reality. In six months or a year the government's fortunes might be transformed.

But the fatalistic speculation permeates every conversation among the journalists, ministers, and Tory backbenchers who daily fill the restaurants around Westminster.

They are waiting for the explosion. The ordinary business of government is paralysed. The fear – and for many the expectation – is that the local elections on May 5 and the poll for the European Parliament a month later will convulse the Conservative party.

The clock on this electoral time-bomb will start ticking next Friday with the results of the voting up and down the country in about 200 local authorities.

If the outcome replicates national opinion polls – which show Labour between 20 and 25 points ahead of the Tories – the Conservatives will be swept from power in virtually every town hall.

The central batteground will be suburban London (see article below), which four years ago stood aside from the national backlash against the then Mrs Margaret Thatcher's government. The polls point to the possibility of an unprecedented Tory collapse around the capital.

Ministers think the outcome will not be so catastrophic. Doorstep campaigning points to a patchier result. A surge in the Liberal Democrat vote would complicate the arithmetic. The Tories often do better locally than nationally. But the local elections are just the beginning: a dress rehearsal for the main, European, event on June 9.

The risk is the voters will treat the European Parliament poll as a referendum on the government'a performance. Along with the Eastleigh by-election it will offer a chance to get even with Mr Major's government for the economic recession, tax increases and government disarray over Europe.

Even before the start of the campaign the Tory fault-line over Europe has re-emerged beneath the careful attempts of Mr Douglas Hurd, the foreign secretary, to reconcile the Europhobes and Europhiles.

If a semblance of unity cannot be restored the Conservative vote may well collapse. The polls suggest the Liberal Democrats could win up to 10 Euro-seats in south-west and southern England. Labour might add the same number to its present 45. The government would then see its 32 reduced to no more than 12.

It is that scenario that provokes scarcely-suppressed panic in ministers and backbench Tory MPs alike. The dispossessed on the right are floating possible "stalking-horse" candidates to unseat Mr Major in the autumn if he cannot be persuaded to go quietly in the summer. The names most commonly mentioned are Mr Norman Lamont, the embittered former chancellor, and Mr Kenneth Baker, the distinctly Eurosceptical former bome secretary.

Mr Major is aware of the risks. The talk in 10 Downing Street is of a strategy for survival during the summer. His planned cabinet reshuffle may come sooner and be more extensive than we think. Friends are assured that the prime minister is more determined than ever to remain in office.

The leadership crisis may, anyway, be a symptom rather than a cause. There is the possibility that the Conservatives are on the threshold of self-destruction. Ministers no longer dismiss the thought that a split over Europe might do to the Conservative party in the 1990s what the divisions over economic policy did to Labour in the 1970s. It is not lost on them that the opposition has spent 15 years in the political wildnerness in its efforts to repair the damage.

There has been much superficial sound and fury at Westminster this week: Mr Major does not have a masterplan to threaten Britain's withdrawal from the EU if its partners do not accept its agenda at the intergovernmental conference due in 1996. Nor has the prime minister torn up the manifesto drafted by Mr Hurd for the election this June.

But two important things have happened. The Eurosceptics on the backbenches have been gaining new recruits for a more uncompromising stance against further deepening of the Union at the 1996 conference.

Encouraged by one or two of their cabinet allies, they have also floated the idea that Britain might soon face a stark choice between deeper entanglement in a European superstate and withdrawal from all but the EU's trading dimension.

For the overwhelming majority in the government that is an absurd option: in Mr Hurd's words, it is out of touch with geographical reality, with commercial reality and with the reality of collective security.

Try telling thet to the cabinet minister who has been musing that his party made a historic mistake 30 years ago when it embraced Europe, or to the Tory MPs whose political thinking was shaped by the angry rhetoric rather than the more sober reality of Mrs Thatcher's approach to Brussels.

Mr Major and Mr Hurd throw bridges over the chasm in the party by emphasising Britain's decentralising agenda is at last making headway with its partners.

But the sceptics have grown bolder in their defiance, scathing about the prime minister and careless of the electoral consequences. Better to be honest in opposition than corrupt in government is how one of them put it recently.

So it may be that the Conservative party is destined to break itself apart over Europe. The coming weeks may signal not just another Tory leadership battle but a seismic shift in British politics. As the minister put it as he left the restaurant: "If we get rid of another prime minister, the Conservative party will not be worth leading."

The angst of Croydon Man

James Blitz tests Tory support in a London borough

Could concrete-clad Croydon, in the suburban heartland of London's southern commuter belt, prove John Major's nemesis?

Like many onter London boroughs, it is a citadel of Tory rule. For the past 30 years, people of the borough – the sixth-largest metropolis in the UK – have only elected Tory councils.

Much of the population is made up of the aspiring middle-class voters – the so-called "C2s" – who, like their counterparts in Basildon, Essex, were solid supporters of Mrs Margaret Thatcher in the 1980s. In the south of the borough, homeowners predominate. In Croydon town centre, with its towering office blocks and streets full of chain stores, the main industries are those which should be providing natural Tory supporters: banking, insurance and retailing.

And yet, the Conservatives may be on the verge of an historic defeat. At the last local election in 1990, Labour made impressive gains on the council, coming within six seats of taking control. On Thursday, only 500 Tory voters have to switch allegiance in the right wards and Labour will take power. "If we lose it would be very serious for Croydon," says Sir Peter Bowness, who has been the council's dapper and energetic Tory leader for the past 18 years. "And I have no doubt that it is something that would have to be taken very seriously on the national level too."

In an intense campaign, Labour is focusing on local economic problems. Several banks in the town centre have recently announced redundancies. British Gas, with its large regional headquarters, is in tha throes of restructuring its national operation, which may lead to job losses in Croydon. And, as in all London suburbs, the property depression has brought misery to those with large mortgages.

"The shake-out in financial services and mortgage lending has taken its toll," says Mr Jeff Dixon, who is masterminding the Labour party's campaign. "We may have the largest shopping centre outside Oxford Street bnt faw have been going there recently."

For the Tories, Sir Peter is still "cautiously optimistic" of victory. In spite of the apocalyptic scenario painted by Labour, unemployment in the borough has fallen in the last year, he says. Only one of the office blocks in the town centre is empty. Yesterday, there was speculation in a local newspaper that a large US insurance company might open a regional office in the town.

The Tory vote ought also to gain from the energy of Sir Peter's administration in recent years. It has pushed through numerous civic projects with success: a large library in the town centre opened recently, a building programme for museums and art galleries is under way and a 18-mile overground tram link between Croydon and neighbouring boroughs is planned.

In the run-up to polling day, that record should help the Tories win votes. But even all this might not be enough to compensate for what many local voters regard as the biggest issue in Thursday's contest: the performance of the Conservative government at the national level.

Worries about Mr Major's leadership credentials and the impact of this month's income tax and value added tax increases, may – to the embarrassment of Tory Central Office – overshadow local Conservative achievements. As one local resident puts it: "If Tories like us vote out a council like ours, it can only be because of discontent with the nation's leadership."

MAN IN THE NEWS: ***Jean-Luc Dehaene***

New contender as Mr Fixit

Jean-Luc Dehaene is hardly a household name. Built like a slimmed-down version of Chancellor Helmut Kohl, the bespectacled Belgian prime minister is known at home as the "fixer", the "plumber", or, simply, the "carthorse".

The idea that Mr Dehaene might succeed Mr Jacques Delors as the next president of the European Commission seems hard to credit. Many Belgians are rubbing their eyes in disbelief. In Britain, where the ruling Conservative party risks splitting apart over Europe, Mr Dehaene is already being caricatured as the Beast from Brussels.

An editorial in The Sun newspaper summed up the mood: "Dehaene is dedicated to a United States of Europe. He wants more power for Brussels ... Dehnene will decide what'e good for us."

Much of the fuss is premature. The struggle over the succession to Mr Delors is taking place in secret, among the EU's 12 heads of government. They will decide who gets the top executive job in Brussels, most likely when they meet at the European summit in Corfu in June. Since the choice must be unanimous, there is plenty of time for horse-trading.

Yet it would be foolish to ignore Mr Dehaene. He is a man of hidden talents with powerful friends. The most important is Mr Kohl, who encouraged him to become a candidate late last year as an alternative to Mr Ruud Lubbers, the long-serving Dutch prime minister.

Mr Lubbers seemed the natural choice for the job, despite a long-shot bid by Sir Leon Brittan, the chief EU trade negotiator, and a possible future entry by Mr Peter Sutherland, who announced this week thet he was leaving as head of the new World Trade Organisation on January 1 1995 – which just happens to coincide with the end of Dr Delors' tenure.

The Kohl-Dehaene connection gelled over a dinner in Brussels last October. The occasion was a special European summit called to decide the location of more than a dozen new Euro-institutions. By far the biggest prize was the European Monetary Institute, the forerunner of a future European central bank.

Mr Kohl was desperate to secure the EMI for Frankfurt, recognising that this was the minimum needed to appease the German public's fears about giving up the D-Mark for a future single currency. The Dutch and British were holding out for Amsterdam and London.

"Dehaene was a model of self-control. He sat perfectly still and let the others run out of steam until they realised there was no other answer [to Frankfurt]," recalls a diplomat. "That takes a lot of nerve."

Mr Dehaene's style impressed colleagues during the six-month Belgian presidency of the European Union which ended last December. Aside from resolving the two-year battle over the division of Euro-spoils, the Belgian premier presided over the entry into force of the Maastricht treaty; the reconciliation between France and its EU partners over the Gatt world trade talks; and the successful adoption of Mr Delors' white paper on jobs, growth and competitiveness. "He is the man to carry the ball," says a senior EU diplomat. "He gets things done."

What is striking is that the 53-year-old Belgian premier contributed to these successes when political tensions at home caused by high unemployment, labour unrest and last summer's currency crisis, which threatened to force the fragile Belgian coalition to abandon its policy of shadowing the D-Mark. Yet Mr Dehaena plunged ahead with a pact between government and employers, the most ambitious attempt to curb eocial spending since the second world war.

Mr Dehaene likes to portray Belgium as a test-case for the challenges facing the EU: slow growth, high non-wage costs, high public debt, and political disenchantment and separatism. He has clearly thought hard about these issues, despite his cultivated image as Mr Ordinary.

His vision of Europe rejects the notion of a new super-state ruled from Brussels. True, he supports a single European currency. He would press ahead faster with a common security and foreign policy, and he favours streamlining decision-making at the 1996 Maastricht review conference, at the expense of the national veto.

But he also favours greater devolution of power to the regions. Without such a shift, there is a risk of the political elite losing touch not only with public opinion in general, but also with communities and different cultures, he argues.

Here speaks Flemish man. For more than 15 years, Mr Dehaene has operated quietly behind the scenes – first as chief of cabinet to then prime minister Wilfried Martens in 1979, and latterly as prime minister in 1991 – to defuse tensions between the French and Flemish communities and manage the devolution of power to the regions of Wallonia, Brussels and Flanders. "He solves problems rather than creating them," says a long-standing colleague. "He is not an ideologue, he is a pragmatist."

How far could these skills be transferred to the European level. A senior EU diplomat says that what the Union needs after Mr Delors is a "captain, not a prophet". People are a littla weary of over-arching visions, according to this view; they just want someone who can make the Union work.

The advantage of Mr Dehaene is that he might have the courage to take on the task which Mr Delors ducked during his 10 years in Brussels: the reorganisation of the Commission, a sprawling bureaucracy of competing fiefdoms in which the 17 (soon to be 21) nationally-appointed commissioners have staff cohorts who often duplicate and undercut the work of the 10,000 international civil servants.

Yet making the Brussels machinery tick requires more than administrative ability. It needs a rare combination of intellectual skills and a persuasive personality which, at his best, Mr Delors clearly possessed. The jury is out on whether Mr Dehaene has these qualities; but it is by no means clear that Mr Lubbers or Sir Leon Brittan fit the task either. Right now, the best advice from tipsters is: sell Brittans, hold Lubbers, buy Dehaene, and just maybe invest in Sutherland futures.

Lionel Barber

Weekend FT

SECTION II — Weekend April 30/May 2 1994

DRUGS

Nicholas Woodsworth stumbles into the world of international trafficking in Bolivia and meets two people whose lives it has wrecked

It is not often in the peregrinations of a travel writer that, independent of his own will, events simply walk up and take over. If a bag of mine containing documents and money had not been snatched within a day of my arrival in Bolivia, I might have wandered blithely on my way and ended up with a different tale to tell – a rural idyll, perhaps, of precarious and bumpy Andean bus rides, Indian villages and irascible llamas.

As it was, events decided their own peculiar course, and I return with two decidedly less idyllic stories from Bolivia's cocaine wars. One is intimate, and concerns the private life of a young Bolivian woman drawn unwittingly into the shady world of international drug trafficking and enforcement. The other is public, and involves an increasingly violent contest between American-trained para-military patrols and machete-swinging coca-growers in the jungles of lowland Bolivia. Together, they have shown me more of the bumps and precariousness of life in Bolivia than a dozen Andean bus rides.

Even to the casual wanderer, Bolivia is an odd kind of place. Flying into La Paz is like falling into the bright, illustrated pages of a Tintin story – suddenly everything becomes a gross Latin American caricature of itself.

At least so it seemed to me. In wrap-around sunglasses and Brilliantined hair, the customs man at the airport could not have looked dodgier if he had tried. On the way into town the taxi driver's short-change trick was more blatant than taxi drivers' tricks elsewhere. The city's street kids looked more ragged and snot-nosed than other street kids. Bolivian army officers wore higher-peaked hats, broader pasteboard epaulettes and more yards of gold braid than officers in other third-world armies.

And everywhere, under strange little bowler hats and ear-flapped toques, were the dark, stolid faces of Bolivia's Indians, as impassive and unchanging as the surrounding Andean peaks. The whole city, shimmering in thin, clear air 12,000 feet above sea level, seemed to me slightly fevered and unreal, a South America we dream.

What would you do, in such a place, if you suddenly found yourself bereft of papers and money the day after you arrived? One moment I was contentedly eating lunch in a crowded terrace restaurant. The next, my bag snatched from the chair beside me, I was a man without an identity. With no more than a dozen words of Spanish, I did what I imagine most people would. I panicked. I threw myself on the mercies of the only English speaker I knew – the newly-hired receptionist at the small pension where I was staying – and pleaded for help.

There are better ways, perhaps, of meeting attractive young women in odd corners of Latin America. But in retrospect it seems to me appropriate that I should have met Maria del Carmen Lopez de Shaw in a moment of high emotion and crisis – it is the stuff of which her own life appears principally to be made.

Coca leaves on sale in La Paz: the business of cocaine is more profitable than all other Bolivian export businesses combined — Tony Morrison

Looking back, I have tried to make sense of Carmen's confusing world of deception, intrigue and violence. I cannot. Her life seems as extravagant and fanciful as her name. Was her smooth-talking husband, Peter Shaw, telling me the truth about his dual life as narco-trafficker and undercover agent for the British and US governments? Perhaps he was; what absorbs me in the end is not individual facts but the disarray tha drugs trade brings to entire lives, and ultimately, to entire countries.

The wiring of emergency funds, the replacement of credit cards, the purchase of traveller's cheques, the making of police reports – such tasks are dreadful even in the west. In Bolivia, without Carmen's skilled intercession, they would have been a nightmare.

In each office we visited she knew just who to brow-beat, who to sweet-talk, who to hurry along with small – I shall not call them bribes – remunerative incentives. She was not even daunted by the awful *Criminalistica*, a warren of foul-smelling hallways where queues of La Paz's victimised poor inch forward in the dim hope of attaining justice. Watching Carmen jockeying an investigating officer into taking my statement, I was full of admiration for this surprising and self-confident young woman.

But in the taxi on our way to place a newspaper reward for my passport, Carmen suddenly grew serious.

"Would you mind if we made a detour?" she said. "I decided this morning to leave my husband – I am afraid of him – and your little problem has delayed me. I must get my children before he comes home."

La Paz is one of the few cities in the world where the normal preferences of the rich are reversed: they live snugly in La Paz's valley bottom and have abandoned the city's spectacular heights – and its bone-chilling Andean winds – to the poor. High up the steep valleyside we wound to Vino Tinto, a poor area of scavenging dogs and wandering drunks and jerry-built houses of rough brick and adobe.

I was perplexed. Carmen's home did not match the image I had of the bright, enterprising, go-ahead person who was helping to pull me out of a mess. There was just one room with four iron-framed beds ranged along a wall. Three small children, almost as dark-skinned as Carmen, played on the floor at the feet of an elderly grey-haired woman. In one corner, under a naked light bulb, were a small cooking ring and tub of dish-water. There was a toilet down the stairs. The whole place was pinched and poor and hopeless.

Carmen saw my gaze. "It's complicated," she said with a tired shake of her head. "It's been like this for years. I've had enough. Perhaps tomorrow I will explain." We bundled Carmen's children and mother into the taxi. They took a room at the pension.

That evening Carmen made a call from the lobby telephone. I could not help listening. She was seeking advice on the possibility of having her husband, Peter Shaw, arrested and deported from Bolivia on the grounds of illegal entry. In the end she was persuaded not to call Interpol – it was Friday, a day the police needed money for weekend entertainment, and Shaw might have bought his way out of prison. I did not sleep well, but lay awake wondering what it was all about, and what Carmen was afraid of.

□ □ □

The following day brought more Bolivian strangeness. There was a call from a prisoner in La Paz's San Pedro jail; a friend on the outside, he said, had brought my papers to him. We could meet him in the prison with the $100 reward announced in the paper.

Carmen did not like it – she suspected some sort of set-up. Instead she sent a Bolivian friend, more street-wise than I, to investigate. No sooner had he left than a second call – a genuine one this time, came in. My discarded bag – cash gone but all documents intact – had been found. Off we rushed to the ghastly San Pedro to rescue Carmen's friend, and my money, from a certainly unpleasant fate.

To celebrate, we went that evening to Juliano's, a smart Italian place opposite the offices of an international agency I had never heard of before, the United Nations Drug Control Programme. Again I was struck by the contrast between Carmen's familiar ease in this sophisticated place and her slum life in Vino Tinto.

Carmen's manner, though, grew less easy as dinner progressed and she tried to explain her life. It came out tearfully, a ragged and disjointed series of episodes

Continued on Page XV

NEXT WEEK: The fight against the coca-growers

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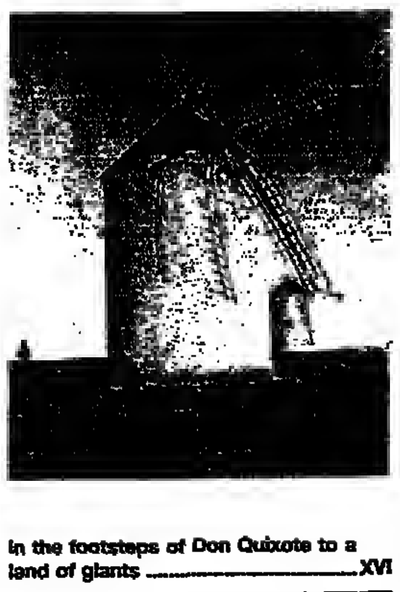


Long View/**Barry Riley**

Expensive promises

Bournemouth's renowned Golden Mile of deposit-taking building society branches may need to prepare for leaner times. The country may become less ready to support pensioners in the style to which they think they should be accustomed.

Certainly, times are bad for the personal pensions industry, which staggers under the impact of the misselling scandals, and faces yet another inquiry by the Securities and Investments Board, this time into the advice given to people who opted out of occupational schemes.

Yet the occupational schemes themselves are becoming nervous about their long-term position. This week the National Association of Pension Funds announced that it was sponsoring an independent 18-month inquiry into the long-term adequacy of incomes in retirement, apparently in an attempt to wrestle the troubled pensions agenda away from the bungling politicians.

For many years retirement incomes have been provided in the UK through a compromise between the public and private sectors. But the government is determined that state provision will dwindle: the basic state pension is already worth only 21 per cent of the average wage, and being linked to prices rather than earnings, it will steadily shrink further in importance. Tha state earnings-related scheme, Serps, is meanwhile threatened by adverse demographic trends in the early part of the 21st century.

However, the government's strategy to head off this future crisis by diverting people into personal pension plans, has run into a whirlpool of misselling, excessive costs and disappointed expectations.

The occupational schemes look comfortable and prosperous by comparison, fattened up as they have been by three years of high investment returns. But their membership coverage has never been much more than about half the working population and they may be about to shrink quite significantly.

The whole concept of a paternalistic, lifelong savings plan run by the employer is looking increasingly out of date in an insecure age of high mobility and part-time working. Moreover the government is picking off the technical dodges that made company schemes relatively cheap and attractive to run.

For instance, the deferred pensions of leavers can no longer be frozen regardless of inflation, a legislative change which has raised transfer values sharply. The "cap" on qualifying salaries, now £76,800, will progressively reduce the ability of tha highly-paid bosses to raid the company funds when awarding themselves big, pensionable salary rises late in their careers.

Now the company funds are agonising over the approach of a minimum solvency standard. Until now companies have been able to adopt a high risk, high return investment strategy, sharply reducing their contribution rates, but posing the possibility that in a future stock market crisis there might not be enough in the pot to meet claims. A government white paper, due this summer, is likely to argue that in the wake of the Maxwell scandals, and to permit a compensation scheme to be introduced, companies must provide better backing for worst case conditions. In order to improve the security of scheme members in this way, the employers must be forced to recognise and provide for their liabilities, which will be costly.

In the circumstances, the dominant type of occupational scheme, in which benefits are defined in terms of pay on leaving or at retirement, is coming under threat. Such schemes effectively depend upon a promise by the employer; this minimum solvency crisis is brewing because companies will at last be required to back up that promise ultimately with hard cash rather than with a pension fund invested in relatively speculative and volatile assets.

An opinion survey published this week by the pensions actuaries R Watson has suggested that half of the leading UK companies believe that they will be offering much more flexible pensions packages in 10 years. The final salary-linked element will be scaled down, and perhaps revised to a revalued career average basis. More of the investment risks will be shifted to the employees by scaling back the extent of the pensions promise and giving them direct stakes in the funds. Old schemes will be closed to new members and replacement plans introduced.

This is already happening in the US where direct investment plans, originally designed to *supplement* the defined benefit plans, are beginning to *replace* them. In the UK the future may lie in expanded mechanisms for additional voluntary contributions, the add-on savings plans designed to enable people to top up their pensions, rather than with basic schemes.

Why should employers be involved anyway? You would think that specialist savings institutions should be able to provide pensions more efficiently, but it is expensive for them to reach ordinary individuals. The traditional paternalist argument, that people will not save for their old age unless pressurised to do so, still holds good.

In this area, however, the drift of the government towards means-tested benefits is worrying. This applies not just to the cut in the real value of the basic state pension but also to the switch of long-term health care of the elderly from the National Health Service (free) to the social security budget (means-tested). Universal handouts may seem wasteful but, if this switch goes too far, people earning around average incomes, and perhaps above, may conclude that saving for their old age will leave them no better off than those who live the life of Riley.

Bournemouth is under no immediate threat. It is probably unwise to worry about possible future demographic imbalances which will generate their own solutions: people will work a few years longer, and many will be perfectly happy to do so.

But the pensions industry is getting ready for changes.

MARKET

London

Enterprise bid fails to set stocks aflame

Maggie Urry

The first £1bn-plus hostile bid in London for three years, Enterprise Oil's offer of £1.45bn for Lasmo on Thursday, has done little to shake the market out of its fixation with US interest rates.

This obsession is growing tedious. As the chart shows, gilt-edged yields and the yield on the Footsie have been slavishly following the yield on the US long bond this year.

The point was emphasised this week when the Footsie managed to rise on Wednesday, the day Wall Street was closed for former president Nixon's funeral, and again on Thursday morning, but reversed that afternoon when Wall Street reopened weaker.

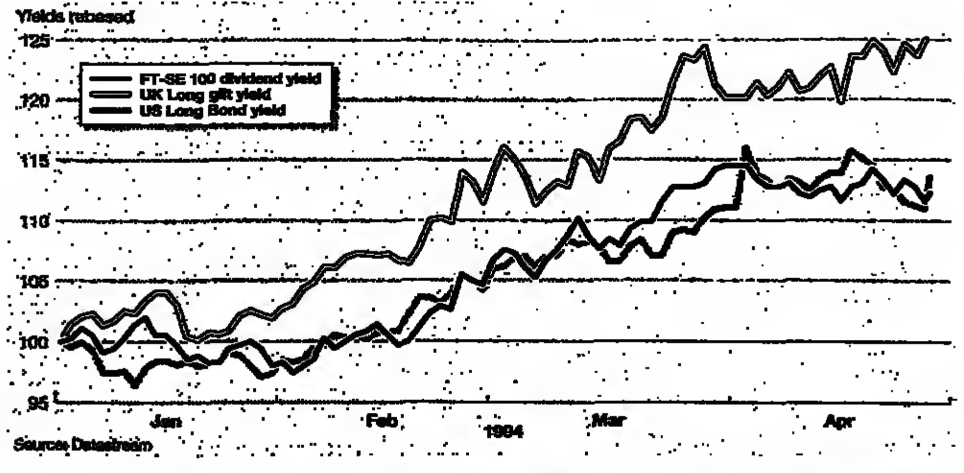
The fear that has coupled the markets together is thet the UK economy will follow the pattern of that in the US. There economic recovery is expected to lead to inflation and yet higher interest rates.

There are several arguments against this. First, the US is hardly suffering rampant inflation or oppressive interest rates as yet. And the suggestion from the US this week was that economic growth is settling down, while interest rates have only returned to a "normal" level having been artificially low.

In the UK the economic recovery is lagging behind the US. And while there are some signs of inflationary pressures beginning to build once more, they are only faint. The CBI quarterly survey said this week that there were no signs of overheating.

SG Warburg Securities, which changed its base rate assumptions this week, is fairly typical in believing that UK interest rates still have another ¼ point to fall, to 5 per cent, though probably not until the summer, and are unlikely to begin rising until 1995.

These issues will, no doubt, be batted back and forth between the Chancellor of the Exchequer and the Governor of the Bank of England when they meet on Wednesday to discuss interest rate policy.



Source: Datastream

The local elections on Thursday may figure in the talks too, although even the Chancellor cannot think that an interest rate cut on Wednesday afternoon, say, would reverse the expected poor performance by the Conservative party, nor that the markets would believe such a cut was anything other than politically motivated.

Another topic for them will be the impact on pay packets and the eoonomy of this month's tax increases, which monthly-paid workers are beginning to feel.

This bears on one market trend spotted by Richard Jeffrey, equity strategist at Charterhouse Tilney. He points out that from 1965 until 1992 the consumer sectors of the market substantially ontperformed the manufacturing sectors, as Britain's industrial base declined.

But over the last 15 months the position has reversed. Consumer stocks have been out of favour while manufacturing shares have risen. He puts this down to better prospects for industry as sterling's fall has made companies more competitive abroad, and the prospect for margin growth higher than for consumer sectors.

The latter, after years of expansion, face overcapacity in sectors such as supermarkets and pubs. But Jeffrey says the switch might have gone too far the *other* way, with the historic p/e on the manufacturers almost twice that of the consumer sectors.

While the markets are focusing on US interest rates, the message from the corporate sector this week has been that now is the time to buy. The list of deals, aside from the spat in the oil sector, is remarkably long, and follows the Lloyds Bank / Cheltenham & Gloucester and Inchcape/Hogg deals of the previous week.

Highlights of this week's list were BAT Industries' $1bn (£670m) purchase of American Tobacco from American Brands; Compass Croup's £308m acquisition of Canteen Corporation, also in the US; Williams Holdings' £64m buy of a continental European business from Solvay; Airtours' £74m purchase of Scandinavian Airline System's leisure business and acquisition of a cruise ship; and Hobson's £111m takeover of the Co-operative Wholesale Society's own label food manufacturing business.

There are similarities between the deals. Most are UK companies buying a business abroad. Most are purchases of subsidiaries, not aggressive bids for whole companies. And most have been financed by share issues. Williams went further, raising more than it needed through a £267m rights to give itself the cash to do more deals.

The number of acquisitions suggests that there must be more to come, if only because it would be a coincidence for all the deals being worked on to be completed at once.

But while takeovers are generally a bull point for shares, what the equity market needs is some big cash bids for UK companies. This would put some money back into the market to fuel demand, rather than adding to investors' liquidity problems through increasing the supply of new shares.

The trend of rights issues has another worrying aspect to it. It suggests that issuers think their shares highly rated and want to take advantage of an overpriced currency.

Flotations continue to suck money in too, with TeleWest, the cable communications group, looking to raise £300m or so in its float. However, Steve Morgan, founder and chief executive of Redrow, the housebuilder, decided that the price he could get for his shares in a float was not high enough and cut the number he aims to sell.

Meanwhile the trend in corporate profit news has been mixed. Associated British Foods managed to increase operating profits by a creditable 13 per cent in spite of the squeeze from its customers, and Imperial Chemical Industries raised first quarter profits by 31 per cent, on a volume gain of 2 per cent and no price rises. But British Gas warned on Thursday of declining profits as increasing competition and regulation bites.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1994 High	1994 Low	
FT-SE 100 Index	3125.3	-8.4	3520.3	3086.4	Reaction to bond markets
FT-SE Mid 250 Index	3781.1	-8.4	4152.8	3752.9	Profit-taking
BAT Inds	469½	+26½	570	435½	Purchase of American Tobacco
British Gas	286	-20	358	280	Profits warning/dividend worries
Compass	315	-22	374	305	£300m US buy/rights issue
Enterprise Oil	416	-32	486	398	All-paper bid for LASMO
Gerrard & National	468	+62	515	395	Good results/GNI deal
Kingfisher	577	-29	778	544	BZW "sell"/DIY concerns
Kleinwort Benson	478	+29	693	438	Optimistic agm statement
Logica	303	+20	314	270	Hoare Govett "buy" note
Reckitt & Colman	672	+31	723	595	Smith New Court recommendation
Reuters	531½	+26½	539¾	439½	Well received presentation
Sage Group	598	+38	600	507	Interim profits up 28%
United Biscuits	361	+22	388	324	Bid talk revives
Vickers	200	+11	202½	172	Break-up bid talk

Serious Money

The hidden risks of life insurance

Gillian O'Connor, Personal Finance Editor

The good news is that life insurance salesmen are finally being compelled to tell the customer most of what he needs to know. The bad news is that several popular types of life insurance policies are getting steadily less rewarding. Saving through inflexible life insurance contracts has long lost its outstanding tax advantage. And new user-friendly tax havens – notably Personal Equity Plans – have been created. So the arguments in favour of saving through life insurance are getting rather thin on the ground.

The disclosure requirements (discussed on page VII) look remarkably sensible to the innocent eye. Life insurance salesmen will have to tell you *in English* how a life policy, personal pension or endowment mortgage works; they will have to give you an approximate estimate of what you might get out of it – both if yon cash it in early and in the long term, *and* they will have to tell you how much of your investment is mopped up in commission and otber expenses. There is even an explicit warning that if you cash in your policy early, yon may get back less than you have paid over.

Nothing remotely controversial in any of this, you might think. But the insurance establishment has been fighting the proposals every incb of the way. Its argument is that, once consumers are told the costs, some companies (notably insurers who are part of a bank) will look much better bets than others, and that fewer people will buy life insurance. Fair enough – as far as self-interest is concerned. But the insurers then make the amazing mental leap of saying that what is bad for the insurance industry is bad for the consumer.

Why? Because the consumer cannot be trusted to put his own financial affairs in order. So even a humdrum investment in an insurance policy with high costs is better than no investment. And high costs are inevitable because the consumer is so blind to his own interests that he will not buy without some fairly forceful arm-twisting from the salesman. How lucky he is that the insurance industry is prepared to play Nanny.

Does the insurance industry's record support its claim that it can be trusted to look after you?

Many customers have already been shocked to discover that insurance bonuses – like share prices – can go down as well as up. Cuts in with-profit life insurance and pension payouts have damaged the retirement prospects of many older people. And worries about low-cost endowment policies failing to cover mortgage commitments dog the younger generation.

Now comes a discussion paper* suggesting both that there are more payout cuts to come, and that the way the insurance companies have handed out money in the past has been downright irresponsible.

Start with the payout record. In the high inflation 1970s and early 1980s, the real return on with-profit policies (ones whose returns are indirectly linked to the stockmarket) was negative. But by the end of the 1980s, real returns on some policies reached 10 per cent – outstandingly good. The reason the insurers could be so generous was simple. The companies had in their paternal fashion been cooking the books. Throughout the 1980s payouts rose strongly, but they still lagged well behind the rise in the valne of the underlying investments. In other words, people cashing in their policies in the early 1980s were being short-changed, because some of their profits were held back for the benefit of other policyholders.

You cannot perhaps fault the insurance companies for being cautious. But they then went to the other extreme. Tha value of the underlying investments had started falling well before the end of the 1980s in some cases. But insurance payouts continued to rise, partly because of "the need to demonstrate that with-profits still offers value for money in the face of unit-linked products". And even when the first payout cuts came through in the early 1990s, they were far smaller than they would have been if related directly to the fall in underlying assets.

This is not quite as imprudent as it may sound. The companies have always practised "profit smoothing", and they used some of the profits not paid out in the 1980s to bolster payments in the early 1990s.

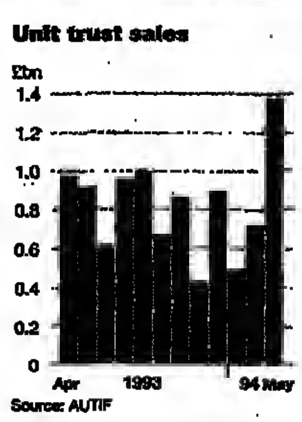
Profit smoothing is in some ways comparable to an industrial company paying a short-earned dividend out of reserves. But there are crucial differences. First, the fact that a dividend is not covered by profits is obvious to any reasonably numerate investor. Second, dividend smoothing can be defended as being in the interests of longer-term investors. Smoothing insurance profits out between differeot generations of policyholders is robbing Peter to pay Paul.

The problem is not going to go away. Like all spendthrifts, the insurance companies are running through what's left in their smoothing accounts. True, another burst of abnormal stockmarket growth could come to the companies' rescue, but this seems unlikely. So insurance payouts are likely to be cut further.

And these are the companies who are saying "Trust me, I'm an actuary."

■ *With Profits Maturity Payouts, Asset Shares and Smoothing, recently presented to the Faculty of Actuaries.*

AT A GLANCE



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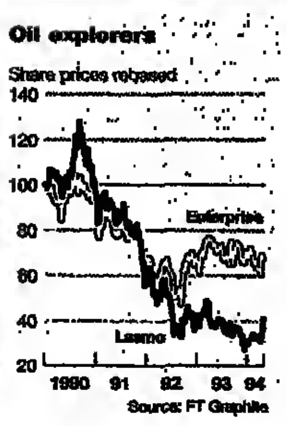


Source: FT Graphite

Unit trust sales reach new monthly record

Unit trust sales reached a new record of £1.37bn in March, more than £200m above the previous best month, September 1987, when net sales were £1.16bn.

Strong sales of unit trust personal equity plans were an important factor in the record sales. Peps, which shield investments from capital gains and income tax, accounted for about three quarters of total net sales to private investors in the first three months of the year.

Pep sales are normally strong in tha closing weeks of the tax year (which ended on April 5). And this year sales were also spurred by fresh price competition among companies selling unit trust Peps. Price competition is now spreading to other unit trusts as well as those wrapped in a Pep. (See Invesco, Page V.)

Hostile bid for Lasmo

Enterprise Oil launched a £1.45bn hostile takeover bid for rival explorer Lasmo yesterday. If successful, the offer would bring together the UK's two largest independent oil and gas explorers into a single group valued at more than £3bn.

The offer is tha largest hostile bid in the UK since BTR's £1.47bn offer for Hawker Siddeley in 1991. If the bid succeeds the enlarged company would rank fourth among North Sea explorers, after British Petroleum, Shell and Exxon.

Lasmo attacked the bid as a contrived paper offer which would dilute significant growth potential for shareholders.

Halifax raises rates

Halifax has raised interest rates on two fixed-rate investment accounts by up to a percentaga point. Gross rates on the minimum of £2,000 in Guaranteed Reserve are now from 4.7 per cent on a six-month deposit, to 7 per cent for three years. The corresponding rates on £10,000 are 5.1 per cent and 7.15 per cent. Returns on Stepped Income Reserve, a five year account which pays a return which increases each year, are 6 per cent, 6.5 per cent, 7.5 per cent, 6.5 per cent and 10 per cent gross in years one to five.

Two new 'Which?' editions

New editions of two of the stapla *Which?* financial handbooks should save you from adding your memory with too many boring facts. *Which? way to save tax 1994* makes it possible for the self-flagellatory to handle their own tax affairs. *Which? way to save and invest* does a splendid job on the mechanics of investment and savings, though it has understandably little feel for stockpicking. Both books cost £13.99 in paperback.

Smaller companies creep up

Smaller company shares crept upwards this week. The Hoare Govett Smaller Companies Index (capital gains version) gained 0.6 per cent over the week to April 28, to close at 1758.10.

Wall Street

Ask a weatherman how the wind blows

After a long, cruel winter, New York was more than ready for the baking hot sunshine that arrived suddenly last Sunday. There was almost a carnival atmosphere as the city basked in the parks, gardens and sidewalk cafes. People were filled with such optimism that when they returned to their offices on Monday morning, they ploughed their money into shares, sending the Dow Jones Industrial Average np more than 57 points – one of its biggest single-day increases this year.

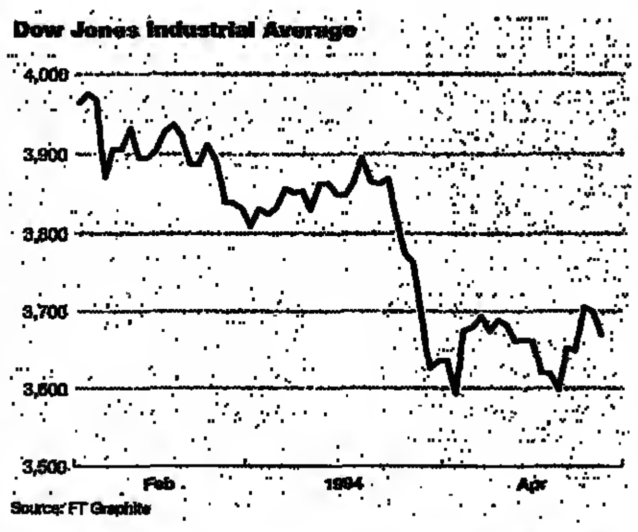
Absurd? Of course. But how else to explain Wall Street's behaviour when it flew in the face of everything that had gone before?

All last week, the message had seemed clear. The market was obsessed by the fear of inflation – or more precisely, the fear that the Federal Reserve would push up interest rates to prevent it. The week had begun with another tightening of the monetary screw by the Fed, and investors believed the higher cost of horrowing would increase husinesses' debt costs and eventually feed through into slower economic growth.

Company after oompany reported big increases in profits for the quarter to March, only to be slapped in the face with heavy selling of its shares. Corporate profitability apparently counted for nothing. Investors were more concerned about the gloom-laden prognosis for further interest rate increases.

Nothing of significance had changed over the weekend: so anyone who had been around the week before would have been baffled by the explanation offered by analysts for Monday's rise. It was down to strong corporate results, they said, in particular from DuPont, the chemicals group, and Boeing, the aircraft manufacturer.

Never mind that DuPont and Boeing are almost the epitome of cyclical stocks, supposedly the least favoured in the current climate; nor that the main reason for DuPont's earnings growth was cost-cutting, not rising demand; nor that Boeing actually made a whopping loss, albeit not quite as whopping as feared. Suddenly, company results were moving the market again.



Source: FT Graphite

The flow of good corporate news continued on Tuesday. Walt Disney increased after-tax profits by 16 per cent; the Capital Cities/ABC entertainment group virtually doubled net income; and tobacco stocks were given a boost when Britain's BAT Industries made an agreed $1bn cash offer for American Tobacco, a subsidiary of American Brands.

So the market soared again, right? Well, no, actually. Instead, it fell more than 6 points during the day to close back below the 3700 level. "Er ... ah! ... profit-taking!" the analysts said, unconvincingly.

Clearly, what Wall Street needed was a sense of direction. Perhaps Wednesday would have provided it. Unfortunately, we will never know, because US financial markets closed for the funeral of former president Richard Nixon.

The grumbling could be heard from one end of the street to the other. Never mind that Nixon was the only US president ever to have resigned in disgrace. More important, he was only the third president since the Dow Jones Industrial Average was invented in 1897 to have left office with the index lower than when he came in. Moreover, when William Howard Taft and Herbert Hoover (the other two) died, the stock market only closed for half a day.

Grumbling aside, Wednesday evening had been marked by a particnlarly violent thunderstorm over New York, so the weather pointed towards a turbulent day's trading on Thursday. And sure enough, that is just what Wall Street delivered. Bond prices plummeted when figures for the first quarter's gross domestic product came out, because although they showed a lower-than-expected growth rate of 2.6 per cent, the inflation indicators in the figures pointed towards acceleration.

Stocks followed bonds down, depressed once again by the bigger economic picture. Interestingly their 31-point fall was not as great as the plummeting bond market might have indicated. In early trading yesterday, stock prices rose while bond prices fell. Could this week's events have marked a de-coupling between stock and bond prices – the start of a period in which the share index might be driven more by fundamentals than mood?

As to the answer, it is anybody's guess. If it is any help, the weather forecast for New York next week is changeable.

Meanwhile, the qnote of the week award goes to Christopher Madell of Chicago Capital Markets, who told the New York Times: "Part of the problem I have with this market is that people always gather round at the end of the day and say 'Now why did I do what I just did?'"

So do we, Mr Madell; so do we.

Richard Tomkins

Monday	3705.78 + 57.10
Tuesday	3699.54 – 6.24
Wednesday	Closed
Thursday	3668.31 – 31.23
Friday	

The Bottom Line

Low-key, derivative approach

Gerrard & National has a slight image problem.

In spite of the constant television sppearances of Professor Tim Congdon and Brian Reading, who bead its Lombard Street Research subsidiary, the group's public profile is very low key. More importantly, most people in the City who think of it at all think of it as a discount house, one of the City's more arcane and venerable institutions.

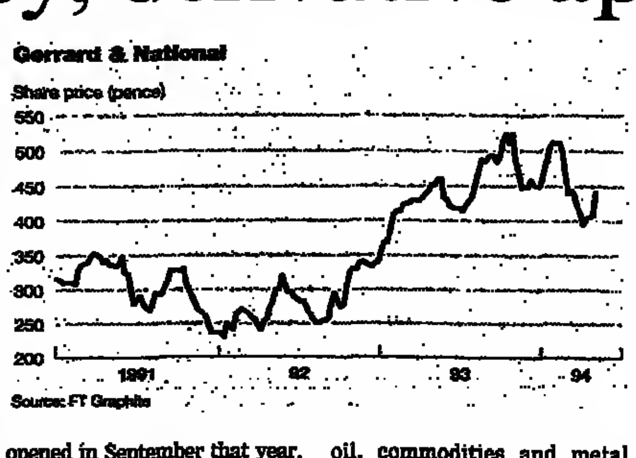
Yet last year almost half its profits came from its GNI Holdings subsidiary, a leading light in the new and exciting world of derivatives. Probably Europe's biggest broker in futures, options and other derivative products, GNI must be one of the City's fastest growing businesses.

Since 1985 GNI has increased its profits by an average of 45 per cent a year, jumping 75 per cent to £12.5m in the 12 months to January 31.

In contrast, profits from the discount house Gerrard & National Limited, were just £2.6m in the year to April 5, or barely 10 per cent of the group total. Admittedly, it was a difficult year for discount houses which are traders in short-term money market instruments and tend to do well when interest rates are falling. The previous year, which included the aftermath of the UK's withdrawal from the exchange rate mechanism, the discount house made £8.2m.

Discount houses should be able to damp this voiatility with the use of derivatives hut, in common with its rivals, Gerrard & National's strategy has been to reduce the discount house's importance within the group by expanding into businesses driven by fees and commissions.

In 1982 it formed a joint venture with a private client commodity broker in order to participate in the London International Financial Futures Exchange which opened in September that year.



Source: FT Graphite

Both Liffe and GNI have been extremely successful. Much of CNI's growth has matched the underlying growth in derivatives markets, but GNI has also expanded into other fields and brokes products traded on the London oil, commodities and metal exchanges and international commodity exchanges.

Since 1985 GNI's profits have increased from £600,000 to last year's £12.5m and the group expects strong growth to continue, particularly in fund management. Institutional inveetors are making increasing use of derivatives and GNI now has more than £234m of funde under management, up almost tenfold in three years.

Gerrard & National has fund management activities eisewhere in the group, notsbly in its stockbroking arm, Gerrard Vivian Gray, which manages about £2bn, and the desire to create a more integrated approach to fund management was one motive behind last week's acquisition of the 32.4 per cent minority shareholding in GNI.

In sheer financial terms it also looked a good deal. The group offered shares valued at £34.7m for the minority which represents only 13.5 times GNI's earnings last year. And GNI has continued to grow so fast that tbe prospective multiple may be in single figures. Although Gerrard's own shares ara on a low earnings multiple, that means the deal will not dilute its earnings this year and should enhance them thereafter.

The group also announced it was pulling out of gilt-edged market-making, where it has lost money recently, though remaining in gilts trading, whare it has been profitable.

Last week's figures, showing profits of £25m (£25.2m), represented a milestone for the group which for the first time paid for its dividends from the profits of its broking division alone.

Having increased every year eince 1969, dividends were edged up to 22p (21.5p) paid out of group earnings of 34.7p (38p).

Because of the volatility of discount house earnings, the City has traditionally valued their shares on the basis of their yield alone. But given the transformation of the group in recent years, the yield of 6 per cent on Gerrard & National shares suggests its image is lagging well behind events.

David Wighton

How to track the best performers

Beating an index may seem an elementary challenge for a fund manager, says ***Scheherazade Daneshkhu****, but there are alarmingly few who meet it*

Trackers aim to deliver the returns on an index through a variety of methods. In the UK, most tracker funds aim to follow the FT-SE-A All-Share but there are others which track FT-SE 100 companies, the mid-250 and smaller companies indices. Most trackers are unit trusts hut investment trusts also offer ways of following an index.

■ **Unit trusts**

Compared with other unit trusts, tracker funds have done surprisingly well. Table 2 shows that in the three years to April 1, the FT-A-All Share index grew by more than 45 per cent while the average unit trust in the UK equity general sector, the home of UK trackers, rose by 26.8 per cent. All the trackers listed easily beat the average and the same holds true for the trackers with a five-year record.

A fan of index funds

John Bogle, chairman of the $125bn Vanguard group of funds in the US, is a fan of index funds. In his book, *Bogle on Mutual Funds*, (Irwin Professional Publishing, New York, $25) he argues that the fees charged by many mutual funds are too high, particularly since they have attracted increasingly large sums of money in recent years. By investing in an index fund you avoid these high charges. Bogle believes history shows that index funds will consistently do better than individual managers with comparable objectives.

A tracker holds many advantages for the private investor, not least a drastic reduction in their choice of 1,500 funds or so, and lower charges.

Table 1 lists the main trackers. With the exception of Gartmore, the initial charge on most is at the lower end of the industry average of between 5.25 per cent and 6 per cent. Gartmore eliminated its initial charge altogether in 1992.

More importantly, annual charges are well below the 1.5 per cent which most unit trust investors expect. Many of the funds' annual charge is a fraction of this, at 0.5 per cent or less, with some of the James Capel and John Govett funds at 1 per cent and Norwich Union's international index tracker at 1.25 per cent. While an initial charge can be made up over time, a high annual charge is more detrimental to a fund's performance and to an investor's returns.

But how well do the trackers daliver what they promise? None can match the index because of their charges – this is clearly illustrated in the one year performance figures in Table 2 which show the trackers falling further behind the FT-SE-A All-Share than over three and five year.

Others are simply less good at tracking than others, although fund managers will come up with various defensive arguments such as only aiming to track the capital performance of the index.

Some unit trust trackers, notably John Govett, use derivatives such as futures and options to track the indices. With the exception of its FT-SE mid-250 fund, which uses shares, this makes its UK funds ineligible for a personal equity plan holding. Govett also has a range of bull and bear funds (not listed) which aim to do the opposite of an index and which are best left to institutions or to experienced investors.

■ **Investment trusts**

There are only a few investment trusts which track indices in a similar way to unit trusts. These include Edinburgh Fund Managers' Malvern UK trust, which tracks the FT-SE-A All Share index. Hoare Govett, has two smaller companies trusts tracking its own smaller companies index, and Abtrust has a New Europe investment trust to track the FT-A Europe index.

The costs of investing through an investment trust are those you would usually pay when buying shares – stamp duty, stockbroker's commission and the bid/offer spread – but there may also be a small annual management fee. Malvern, for example, charges an annual fee of 0.25 per cent and the administrative expenses of the trust, which come off the investment income, are about 0.4 per cent per annum.

However, John Spiers, of Best Investment, is not an enthusiast: "Someone who wants a tracker wants predictability but with an investment trust, you have the added problem of the discount or premium." The price of shares in an investment trust is set by supply and demand and so it does not necessarily correspond with the asset value of the trust. When the supply of shares exceeds demand, trust shares tend to trade at a discount to the asset value.

The investment trust sector does have an alternative. Some trusts have issued loan stock (see Table 3)which has a prior charge on the trust's assets.

The loan stock is dated but instead of being redeemed at par, it will be redeemed at the level of the index. There is also a dividend, usually in line with the All-Share. Nigel Sidebottom, of stockbroker Gerrard Vivian Gray, says: "They are a pure tracker because no replication is required – what matters is that the trust has sufficient funds to repay the loan stock at redemption."

The only costs to the holder of the stock are dealing charges; there are no management fees to dilute performance. The management costs of the trust itself are borne by ordinary shareholders.

The main danger is poor performance leading to an inability on the part of the trust to meet its liabilities at redemption. Since holders of loan stock rank ahead of ordinary shareholders, the trust would have to perform very poorly to be unable to meet these liabilities, according to Sidebottom.

John Korwin-Szymanowski, of SG Warburg Securities, says there are some safeguards. Trustees of the loan stock, whose job it is to monitor performance, can step in to take measures if they think the trust may be in danger of not meeting its liabilities.

The table shows the main loan stocks which track the FT-SE-A All-Share. To make comparisons with the index easier, the trusts set the asset value at a price (in pounds) arrived at by dividing the level of the index by 1000. Prices of the stock listed are all reassuringly close to that of the index.

Since loan stock can only be bought in a relatively small market, it may trade at a discount or premium to the index. If you buy stock at a discount and hold it to redemption, you can expect outperformance of the index (assuming the loan stock is paid in full). However, a discount can be an indication of greater risk.

Table 1: Unit trust tracker funds

Manager	Fund name	Index tracked	Minimum inv (£)	Initial charge%	Annual charge%	Pep qual?	Sav sch?
Gartmore	UK index	FT-SE-A All Share	5,000	0	0.5	Yes	Yes
James Capel	JC UK Index	FT-SE-A All Share	1,000	5.25	0.5	Yes	Yes
	Footsie fund	FT-SE 100	1,000	4.175	1.0	Yes	Yes
	JC Trixie	JC Trixie	1,000	5.25	1.0	Yes	Yes
	Eurotrack 100	FT-SE Eurotrack100	1,000	5.25	1.0	Yes	Yes
	JC American	S&P 500	1,000	5.25	1.0	No	Yes
	JC Japan	FTA World Japan	1,000	5.25	0.5	No	Yes
	JC Tiger	JC SE Asian	1,000	5.25	1.0	No	Yes
John Govett	FT-SE mid 250	FT-SE mid 250	3,000	3.5	1.0	Yes	Yes
	Geared UK Indx	FT-SE 100	5,000	5.25	1.0	No	Yes
	UK index fund	FT-SE 100	2,000	4.5	1.0	No	No
	US index fund	S&P 500	2,000	4.5	1.0	No	No
	European index	FT-SE Eurotrack100	2,000	4.5	1.0	No	No
	Japan Index	Nikkei Dow-Jns 225	2,000	4.5	1.0	No	No
	Hong Kong Indx	Hang Seng	2,000	4.5	1.0	No	No
Legal & General	UK index	FT-SE-A All Share	1,000	5.0	0.5	Yes	No
	US index	FT-A World US	1,000	5.0	0.75	No	No
	European index	FT-A Wrld Euro xUK	1,000	5.0	0.75	Yes	No
	Japan index	FT-A World Japan	1,000	5.0	0.75	No	No
Morgan Grenfell	UK tracker	FT-SE-A All Share	1,000	5.0	0.75	Yes	Yes
	US tracker	S&P 500	1,000	5.0	0.75	No	Yes
	Japan tracker	FT-A World Japan	1,000	5.0	0.75	No	Yes
Norwich Union	UK index trckr	FT-SE-A All Share	5,000	6.0	0.2	Yes	No
	Intrntnl indx	FT-World excl UK	5,000	6.0	1.25	No	No
Prov Capitol	All-Share Mirr	FT-SE-A All Share	500	5.5	0.75	Yes	Yes
Royal Life	Uk Index Track	FT-SE-A All Share	25,000	5.25	0.3	No	No
Swiss Life	UK Index track	FT-SE-A All Share	500 units	6.0	0.5	Yes	No

Table 2: How trackers perform

Fund name	1 year	3 years	5 years
FT-SE-A All Share	14.3	45.3	73.5
Gartmore UK index	12.1	41.7	70.6
Norwich UK index tracking	8.7	36.1	-
Legal & Gen UK index	7.5	-	-
Royal Life index tracking	6.9	34.2	55.8
James Capel UK index	6.1	32.2	-
Morgan Grenfell UK tracker	6.0	31.8	58.7
Swiss Life UK index track	4.7	34.8	-
Prov Capitol UK All Shr Mirr	3.8	-	-
Av UK equity gen unit trst	5.7	26.8	42.7

Source: Micropal. Percentage growth to April 1 1994. Offer to bid, net income reinvested

Table 3: Equity index loan stock

Investment trust	Number in issue (m)	Price (p)*	Year of redemption
British Assets	140.9	156.5	2005
Broadgate	2.2	162.5	2007
BZW Convertible	17.2	157.5	1996/2002
Scottish American	49.5	160.0	2004
Selective Assets	21.2	156.0	2013
FT-SE-A All Share @ 26/4		1580	

Source: SG Warburg Securities. Stock listed track the FT-SE-A All-Share. *at April 26.

FINANCE AND THE FAMILY

The week ahead

BAT profits cheer

The first-quarter figures from BAT Industries on Wednesday are expected to show a healthy rise from £354m pre-tax to about £385m. In spite of the much-publicised war on smoking in the US – which BAT defied this week by buying American Tobacco for $1bn – its tobacco profits may be around the same as last year.

The real profits increase will come from insurance, through further recovery by Eagla Star from its opsets in mortgage indemnity and through real progress at Allied Dunbar in the UK and Farmers in the US.

Sugar and sweeteners group Tate & Lyle is expected to report a £10m-£20m rise in interim profits on Wednesday from £107.6m to £120m-plus. Most of the rise will come from US and Australian operations.

Improving markets for Staley, its US corn starch business, will have helped profits, as will recovery in its US sugar businesses, hit last year by teething troubles at a new desugarisation plant at its cane sugar operation, and difficult trading conditions for its beet sugar business.

Exchange rates will also aid profits. A rise in the interim dividend is expected in line with Tate's progressive policy.

Overseas growth, especially in the US, is expected to boost Body Shop International'a final results when they are revealed on Thursday. Pre-tax profits are likely to rise from £21.5m to between £25m and £27m, with UK operating profits a little ahead of last time's £11.2m.

The US should pitch in about £4.5m (£2m last year), though this was affected by the move of the HQ to North Carolina). The dividend should rise from 1.7p to at least 1.85p.

BP reports its first-quarter results on Thursday. The weak oil price – $4 a barrel lower – is likely to be counteracted by benefits from cost-savings, strong downstream margins in the US, lower interest charges and a swing back to profits in chemicals. Pre-tax profits will be about £250m, against £231m last time and £315m in the fourth quarter.

Thursday should see the revival of Bank of Scotland, whose good reputation slipped last year when it announced an 11 per cent fall in pre-tax profits. Pre-tax profits are expected to rise from £125.3m to £250m-£270m, or even as high as £285m.

Last year's figures included a 45 per cent rise in provisions for bad debts which, the bank said, reflected the downturn moving north into Scotland, coupled with a further fall in asset values in the south.

The majority of its business is now in England rather than Scotland.

Apart from the drop in provisions, as a result of a fragile recovery in the housing market, tha bank bas also had an opportunity to reap a full year's benefits from being able to widen its margins in its sizeable mortgage lending operation.

That widening of margins was an element in raising the bank's interim pre-tax profits announced last October by 58 per cent to £117.6m.

In general, the bank has won the reputation of being both less accident-prone than others, and of running operations efficiently.

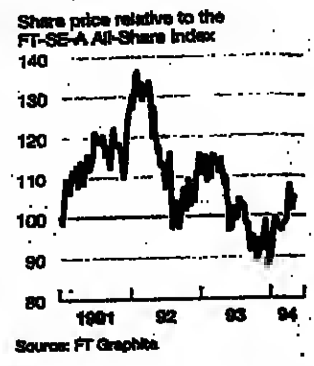
The cost-income ratio it reported in the interim results fell to just below 50 per cent, and could fall slightly further, if it is able to expand its mortgage business.

At the interim results, Bruce Pattullo, chief executive, made it clear that he expected a further improvement in fee and income commissioo through clearing bank branches.

The bank has been one of those identified as considering buying a building society: this would be one way of accelerating its growth, but the bank wiii not want an acquisition that would threaten its efficiency.

Tate & Lyle

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphite

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Black, Peter	HseG	5,333	13	1*
British Fittings	Dist	26,304	22	1
British Vita	Chem	65,000	189	3
Castle Communictns	L&Hl	195,742	548	2*
Eve Group	BCon	13,450	60	2
Green, E.	Prop	15,000	11	1
Halstead, James	BM&M	3,000	10	1
Hodder Headline	Mdia	10,000	40	1
MITIE Group	SSer	100,000	345	1
Monument Oil & Gas	OilE	290,055	186	2*
Seacon	Tran	207,500	181	1
Smith, DS	PP&P	50,000	287	1
TLS Range	Dist	70,000	25	1
Wakebourne	E&EE	1,000,000	30	1
PURCHASES				
Bardon Group	BM&M	35,000	17	2
Bodycote	Eng	5,000	15	1
Etam	RetG	5,000	12	1
European Motor	Dist	50,000	81	1
Lasmo	OilE	12,000	15	1
Matthews, Bernard	FdMa	150,000	149	1
MTM (open offer)	Chem	25,250	16	3
Norweb	Elec	2,386	16	2
Premier Consolidated	OilE	100,000	26	1
Prestwick Holdings	E&EE	50,000	13	3
Sedgwick Group	Insu	10,500	21	2
Sherwood Computer	SSer	20,000	18	2
Simon Engineering	Dist	22,223	26	1
Welsh Industrial	InvT	7,000	12	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 18-22 April 1994.
Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

The slowdown in the number of directors' share transactions last week has continued. A better balance now exists between buying and selling.

Largest buy for the week was in Bernard Matthews, the turkey products group. Since December the share price has risen almost 24 per cent to 96.5p. The most recent transaction was by Sir Bernard Matthews, who purchased 150,000 shares at 95p. This brings his holding to 5.1m shares – almost 40 per cent of total equity.

Castle Communications is involved in the entertainment industry, acquiring rights for videos, films and music and marketing the product. The shares have been performing well – rising almost 100 per cent over 12 months.

Terence Shand, the chairman, has just sold 138,589 shares and at the same time, Jonathan Beecher, commercial director, exercised 57,153 options and then sold all the ordinaries, also at 280p. Shand's holding is now 600,000.

British Vita, which manufactures and processes polymers, announced its final results at the beginning of May. They reflect stable but quiet markets in Europe. The company said that deals by three directors, including Robert McGee, managing director, Lawrence Lawton, deputy chairman and Francis Eaton, deputy chief executive, were for personal financial reasons. They also appeared in the table in March.

Wakebourne used to ba known as Maddox and is in computers where its support side is doing well. The sale of 1m shares by Allen Timpany, the deputy chairman, was made at 3p a share and leaves him with more than 4.7m shares.

Vivien MacDonald
The Inside Track

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Albany Investment Trust	InTr	Wednesday	1.25	2.75	1.25
Aminex	OilE	Thursday	-	-	-
Bank of Scotland	Bank	Thursday	1.77	2.8	1.87
Beattie (James)	ReGn	Wednesday	1.4	4.6	1.5
Body Shop International	ReGn	Thursday	0.68	1.02	0.75
BMSS	BdMa	Thursday	-	3.0	1.5
CSC Investment Trust	InTr	Thursday	-	-	-
Elswick	PP&P	Tuesday	0.15	0.15	0.15
Forward Group	E&EE	Thursday	1.3	2.0	1.3
Gartmore American Securities	InTr	Thursday	1.0	1.0	1.0
GBE International	Eng	Tuesday	-	0.60	-
German Investment Trust	InTr	Tuesday	-	0.40	-
German Smaller Companies	InTr	Wednesday	-	2.0	-
Govett Oriental	InTr	Tuesday	0.40	0.55	0.40
Greenway Holdings	OtSv	Thursday	1.0	-	-
Highcroft Investment Trust	Prop	Thursday	1.3	3.1	1.9
Jove Investment Trust	InTr	Tuesday	-	-	-
Radamec	EE&E	Thursday	0.5	1.0	0.5
Regent	B&C	Thursday	-	-	-
Rhino	ReGn	Tuesday	-	-	0.50
Silentnight	HseG	Tuesday	2.25	5.75	2.75
Silverminco	EE&E	Wednesday	-	-	-
Walker (J C)	BdMa	Friday	-	-	-
Westminster Scaffolding	B&C	Thursday	-	-	-
INTERIM DIVIDENDS					
BAT Industries	Tob	Wednesday‡‡	7.9	12.2	-
Bellway	B&C	Wednesday	4.0	3.0	-
BP	Oil	Thursday	2.10	2.10	-
Broadgate Investment Trust	InTr	Friday	-	-	-
Celltec	Phrm	Tuesday	-	-	-
Dakota	n/a	Wednesday	-	-	-
Electrolux	E&EE	Thursday	-	-	-
Finsbury Growth Trust	InTr	Wednesday	0.90	2.0	-
Premium Underwritings	Ins	Tuesday	-	-	-
Storm	PP&P	Tuesday	-	-	-
Tate & Lyle	FdMa	Wednesday	4.3	6.7	-
Tilon Holdings	BdMa	Thursday	1.3	2.9	-
Unigroup	BdMa	Tuesday	-	-	-
Vard	Tran	Thursday	-	-	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ 1st quarterly.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Clayton, Son	126*	127	117	3.40	Motherwell
Europa Mine	62.2	67	-	15.00	Burmine
In Shops ‡	116	114	83	59.36	Birkby
Hogg Group	255*	254	234	176.80	Inchcape
LASMO	150	149½	162½	1480.0	Enterprise Oil
LWT ‡	766§§	740	565	613.11	Granada
Magellan Inds	183	170	173	46.62	Claremont
Molynx	23.65	23	23	5.01	Silverminco
Newspaper Pub.‡	355*	350	350	78.00	MGN Consortium
Southern Radio	115*	116	93	32.60	Capital Radio

*All cash offer. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 29/4/94. §§Shares and cash.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
ABF	FdMa	Dec	181,000	(178,000)	28.5	(27.2)	8.5	(8.5)
Abtrust New Thai	InTr	Feb♦	179.08	(133.2)	1.37	(1.23)	1.0	(1.0)
Anagen	Hlth	Dec	4,080 L	(5,390 L)	-	(-)	-	(-)
Barlows	Prop	Dec	823 L	(2,540 L)	-	(-)	-	(-)
Bedford (William)	RetG	Dec	95	(272 L)	1.8	(-)	-	(-)
Berry Birch & Noble	OtFn	Jan	670	(1,060)	7.6	(12.8)	6.4	(6.3)
Brixton Estates	Prop	Dec	30,500	(28,500)	11.6	(12.7)	8.0	(7.87)
Brown (David)	Eng	Feb	10,800	(9,300)	14.1	(14.1)	6.4	(-)
Buckingham Internat.	L&H	Oct	104,000 L	(259)	-	(-)	-	(-)
CI	Eng	Jan	1,590 L	(338 L)	-	(-)	0.5	(1.0)
Copymore	E&EE	Dec	1,270	(536)	7.1	(3.3)	1.5	(1.0)
Derby	BdMa	Feb	713	(2,590 L)	4.17	(-)	1.2	(-)
EFG	OtSv	Jan	132	(8,100 L)	0.32	(-)	0.1	(-)
EIS	Eng	Dec	16,200	(15,100)	24.9	(26.8)	12.3	(12.0)
Eadie Holdings	Eng	Dec	1,960	(768)	2.55	(1.33)	1.0	(0.5)
Edinburgh Inv	InTr	Mar	36,300	(35,600)	10.17	(9.25)	8.75	(8.4)
El Oro Mining	n/a	Dec	1,560	(1,940)	29.27	(30.53)	20.0	(24.0)
El Oro Exploration Co	OtFn	Dec	1,720	(2,480)	9.78	(14.61)	10.0	(12.0)
Farnell Electronics	Dist	Jan	49,100	(41,800)	24.4	(23.7)	7.4	(6.2)
Fitzwilton	RetF	Dec★	13,800 L	(29,900 L)	-	(-)	3.5	(3.5)
Fleming Inc Cap Inv	InTr	Mar♦	87.02	(77.50)	-	(-)	-	(-)
Folkes	Prop	Dec	1,720 L	(1,000)	-	(-)	1.5	(1.5)
Geared Income Inv	InTr	Mar	2,470	(2,460)	8.92	(8.48)	8.06	(7.88)
Gerrard & National	OtFn	Apr	25,000	(25,200)	34.7	(38.0)	22.0	(21.5)
Herring Baker	Prop	Jan	430 L	(1,360)	-	(-)	1.5	(3.75)
Hi-Tec	L&H	Jan	1,130	(8,300 L)	3.7	(-)	2.75	(2.0)
Holt (Joseph)	Brew	Dec	8,000	(7,040)	177.7	(154.6)	48.0	(41.0)
Hopkinsons Group	Eng	Jan	642	(2,060)	1.17	(1.31)	1.3	(1.3)
How Group	Eng	Dec	2,130 L	2,280 L)	-	(-)	0.75	(1.5)
Huntleigh Tech	Eng	Dec	6,860	(5,540)	17.3	(13.4)	4.5	(3.33)
Jerome & Sons (S)	Text	Dec	404 L	(1,580 L)	-	(-)	0.5	(-)
Jones	n/a	Dec★	3,300	(4,460 L)	23.1	(-)	12.5	(12.5)
Kleinwort Endowment	InTr	Mar	372	(891 L)	1.11	(-)	-	(-)
Laser-Scan	SpSv	Dec	113	(60)	-	(-)	-	(-)
Le Creuset	HseG	Dec‡‡	3,000	(3,570)	13.4	(15.0)	0.44	(0.43)
Mithras Inv Tst	InTr	Feb	441	(483)	1.0	(1.1)	-	(-)
Moss Bros	ReGn	Jan	4,080	(2,300)	18.86	(8.52)	7.0	(5.5)
Parambe	OtFn	Dec	40	(113)	0.46	(1.27)	1.1	(1.1)
PCT	Dist	Dec	1,470	(1,400)	11.28	(10.46)	7.25	(7.25)
Reed Executive	SpSv	Jan	665	(7,300 L)	0.2	(-)	1.0	(-)
River & Merc Gd Cap	InTr	Mar♦	36.63	(32.15)	7.65	(7.18)	7.53	(7.53)
Ryan Hotels	L&H	Jan★	1,200	(1,350 L)	1.37	(-)	1.0	(1.0)
S & U Stores	OtFn	Dec	5,620	(4,520)	33.8	(27.4)	11.5	(10.0)
Scottish Mort. & Tst.	InTr	Mar	18,900	(18,700)	4.12	(3.66)	4.1	(4.0)
Sears	ReGn	Dec	138,300	(47,800 L)	6.9	(-)	3.68	(3.6)
Secs Trust Scotland	InTr	Mar	317	(44 L)	3.26	(3.03)	3.25	(3.25)
Shiloh	Text	Mar	1,130	(757)	15.15	(7.96)	3.5	(2.9)
Slingsby (HC)	Eng	Dec	476	(111)	32.8	(9.3)	15.0	(9.77)
Sykes-Pickavant	Eng	Dec	305	(118)	1.98	(1.02)	2.66	(4.0)
Tarmac	BdMa	Dec	43,100 L	(350,300L)	-	(-)	5.5	(5.5)
Toye & Company	TexA	Dec	611 L	(1,480 L)	-	(-)	-	(-)
Trinity Holdings	Med	Jan	10,600	(7,060)	13.5	(10.7)	6.2	(1.5)
Venturi Inv Trust	InTr	Mar	331	(322)	4.39	(4.03)	3.75	(3.45)
Welpac	Dist	Jan	270 L	(2,110 L)	-	(-)	-	(-)
Wensum Co	Text	Jan	262	(56)	2.87	(-)	2.0	(1.82)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Air London Intl	Tran	Jan	300	(411)	1.6	(1.6)
Bett Brothers	B&C	Feb	12,800	(9,170)	1.25	(0.5)
Compass Group	L&H	Jan	23,300	(18,200)	2.31	(2.115)
Coseil	OtSv	Feb	765	(220 L)	3.0	(2.13)
DFS Furniture	RetG	Jan	8,990	(6,800)	2.8	(2.1)
Dickie (James)	Eng	Feb	628	(250)	1.0	(-)
Ferraris	Hlth	Feb	350	(251)	0.85	(0.75)
Govett Strategic	InTr	Mar	4,200	(4,600)	2.65	(2.65)
Haemocell	Hlth	Feb	1,100 L	(965 L)	-	(-)
ICI	Chem	Mar♥	93,000	(71,000)	-	(-)
Investors Capital	InTr	Mar	7,690	(7,430)	2.8	(2.55)
Ivory & Sime Ent Cap	InTr	Mar	142 L	(-)	-	(-)
Jupiter Euro Inv	InTr	Feb	220	(138)	0.7	(1.0)
Lowland Investment	InTr	Mar♦	299.8	(251.7)	3.3	(3.2)
Lyles (S)	Text	Dec	113	(102)	1.0	(1.55)
Majedie Investments	InTr	Mar	1,640	(1,700)	2.0	(2.0)
McKechnie	Eng	Jan	13,200	(10,800)	5.0	(5.0)
Murray Split Cap	InTr	Feb	477	(480)	5.3	(10.6)
Pascoe's	FdMa	Dec	670 L	(764 L)	-	(-)
Rosemont	BM&M	Dec	60	(75)	0.2	(-)
Sage Group	SpSv	Mar	6,660	(5,390)	3.65	(3.32)
Scottish Natl Trust	InTr	Mar	7,620	(8,920)	3.1	(3.1)
Sidney (Charles)	Dist	Feb	1,300	(1,240)	1.2	(-)
Stanhope Properties	Prop	Dec	9,300 L	(15,400 L)	-	(-)
VTR	Med	Feb	697	(202)	1.45	(1.2)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † Net asset value per share. ‡‡ Divedend figures in French Francs. ♦ Net Asset value. ★ Irish Punts. ♥ 1st Quarter.

RIGHTS ISSUES

Airtours is to raise £82m via a 1 - 5 rights issue @ 390p.
Clyde Blowers is to raise £5.2m via a 5 - 11 rights issue of 2.45m share @ 237p.
Compass is to raise £146m via a 3 - 19 rights issue @ 420p.
VTR is to raise £2.95m via a 1 - 3 right issue @ 125p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Data & Research Services is coming to the market via a placing of 13.84m shares @ 110p
Emerald Energy is to raise £660,000 via a placing of 25m shares @ 2.75p.
Fitzwilton is to raise £47.3m via a 1 - 1 open offer.
Fleming Indian Inv Tst is to raise £100m via a placing & offer.
GRT is coming to the market via a placing of 13.7m shares @160p
Hicking Pentecost is to raise £7.9m via a placing & open offer.
Hobson is to raise £73m via a placing of shares.
Nightfreight is coming to the market with appx value of £50m.
ML Holdings is raising appx £3m via a placing of 7.5m shares @ 41p.
Northumbrian Foods is to raise £100,000 via a placing of 2m shares.
TR Property Investment Trust is to raise £100m via a placing & offer

No Indian tonic

*The bulls have fled the Bombay market, says **Shekhar Das***

A couple of mooths ago investors were bullish about investing in Indian shares. Now the mood is subdued. The Bombay Stock Exchange's Sensitive Index has fallen by about 12 per cent to around 3,750 since the end of February. It may lose another 200 points or so before the rally resumes.

The mood began to change when it became clear that Bombay's antiquated settlement system could not cope with the sudden inflow of foreign funds. Clients were told that their orders could not be processed; new clients were turned away. The number of India funds has more than doubled over the past year – European and US institutions bought what they could, usually global depository receipts (dollar-denominated parcels of shares) of Indian companies at inflated prices. After this frustrated enthusiasm, a drop in the market was inevitable.

Another problem has been the breakdown In relations between brokers and the regulatory body, the Securities and Exchange Board of India (SEBI). In an effort to curb excessive speculation, and make the market more transparent, SEBI banned *badla*, a method used by brokars to carry shares forward. Whatever its shortcomings, *badla* provided liquidity to a market in need.

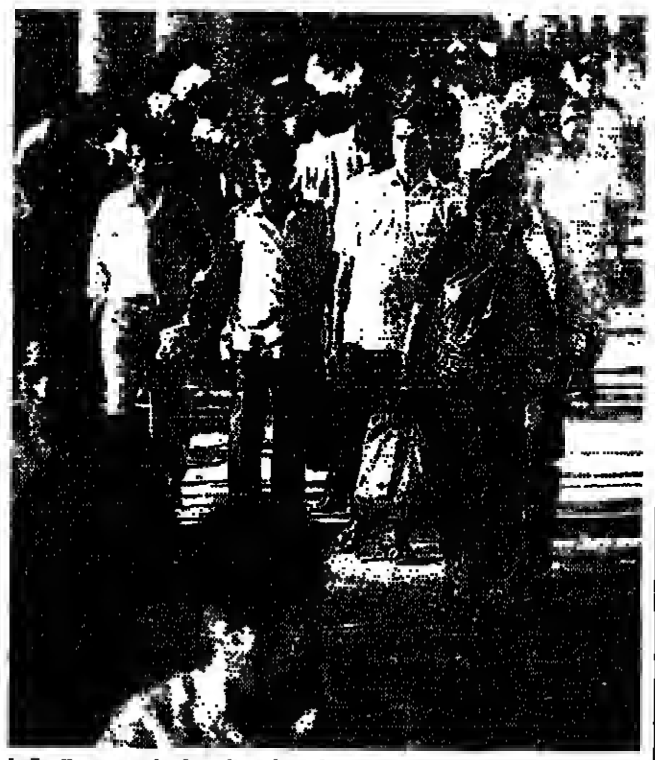
The macro-economic environmeot has also deteriorated over the past couple of months. The budget, at the end of February, revealed an alarming expansion in the government's fiscal deficit – 7.3 per cent of GDP. Inflation has risen to more than 10 per cent. The steady fall In interest rates, which investors had been expecting, no longer looks likely. Worst, the government seems to be slowing the process of reform in the run-up to elections in soma southern states, due this winter.

For the marketing men of the fund management industry, these developments have taken some of the fizz out of India, which not so long ago was being bailed as the emerging market of the decade. But investors should have guarded against such hype – it is rarely sensible to invest during bull runs. By the same token, it is often a good time to invest when markets are depressed.

The main reason for expecting Indian shares to provide a good return remains as cogent now as it was a few months ago: a huge market is opening in the country for everything from television programmes to toothpaste, and the companies that are well placed to meet its demands should prosper.

Moreover, the political risk is minimal for an emerging market. True, the pace of reform has slowed, bnt it should pick up at the beginning of the next electoral cycle. A fund manager witb experience of the Indian market, and not under pressure to invest, ought to do well over two to three years.

■ The latest India fund on offer to British investors is the first UK-listed investment trust to specialise in India, *writes Betham Hutton.*



India: the pace of reform has slowed — Tony Andrews

The investment of the money raised by the Fleming India Iovestment Trust will be handled by ths Hong Kong team already responsible for the JF India fund, a unit trust run by Jardine Fleming, part of the same group as the oew trust's managers, Fleming Inveatment Managemeot. Jardine Fleming also bas a Bombay office, wbere 18 analysts carry out on-the-ground research.

Unlike some India funds, this ooe will not include Pakistan, Baogladesb or Sri Lanka, partly to simplify the investmeot rationale, but also to avoid offeoding investors of Indian origin who might not want their mooey to be invested in otber parts of tbe sub-continent. For investment details, see page VIII.

Shekhor Das is the editor of Indio Business Intelligence, a Financial Times newsletter.

Invesco cuts unit charges

***Scheherazade Daneshkhu** considers the reason for slicing initial costs*

Investors bave almost becoma blasé about unit trust discounts but, witb the traditional end-of-tax-year Pep rush over, they will be seeing far fewer of them as most fund management groups have little reasoo to continue wooing investors.

This makes Iovesco's announcement that it is cutting the initial charge oo all its unit trusts and Peps to 3 per ceot from 5.25 per ceot from May 3 all the more startling. The cut is not a special offer but is part of a new pricing structure which is here to stay. The annual charge remains unchanged at 1.5 per cent on most funds.

This is oot the first time that a fund managemeot group has cut its initial charges but Invesco is by far tbe largest to do so. Lazard piooeered the move in tbe UK in 1988 when it abolished the initial charge oo all its unit trusts.

Unfortunately, its initiative did not trigger an avalanche of competition but instead a very slow trickle. In 1992, Murray Johnstone reduced the initial charge across the board on its unit trusts to 1 per cent and Gartmore announced that it was abolishing the charge on one of its unit trusts – its UK index tracker.

The "no-load" and "low-load" fund, collective equity vehicles named with reference to the size of their initial charge, are common in the US but still rare in the UK, wbere the norm is an initial charge of 5 to 6 per ceot.

A low initial charge can make quite a difference to investors. The bid-offer spread (the difference between buying and selling units) on Invesco's UK income fund oo Thursday was 6.3 per cent – the spread oo Lazard's UK income fund was 1.7 per ceot.

That means an investor who put £100 into the Lazard trust had £98.30 of his money working for him but only £93.70 in Invesco's trust.

While the initial cbarge is important, the annual management fee can make a larger dent in an investment. Fund managemeot groups with reduced initial cbarge make their money on the annual fee and on the increased volume of business which they hope the move will engender. When Murray Johnstone reduced its initial fee, it raised its annual management charge from 1 per cent to 1.5 per cent.

In spite of the importance of charges, eveo the lowest of tbese will not prove much solace to an investor unless the performance is there to deliver the returns. A discounted initial charge can be a powerful marketing ploy, so investors must still look at performance figures to see what how valuable the reduction in charges is going to be.

> *Earlier this month, Invesco reported sharply improved profits after a year of worldwide restructuring. It is also hoping to reduce costs*

Invesco is tbe first to admit that the performance of its funds is not as good as it would have hoped. Its Japan Smaller companies fund has a very good track record but most of its UK funds are to be found in the bottom half rather than the top half of the performance tables.

The poor performance is linked with events in the past few years that the company would like to put bebind it. Last year, Invesco was fined £750,000 after a two-year investigation by Imro, the self-regulating body for fund management organisations, for misconduct, including mismanagement of the Mirror Group pensioo scheme.

However, earlier this month, Iovesco reported sharply improved profits after a year of worldwide restructuring. It is reducing its unit trusts from 32 to 21 funds, for whicb it is seaking unitholder approval. This should reduce its costs.

Alan Wren, managing director of Invesco fund managers, says the company has iotroduced a greater level of discipline to track risk and performance more closely but it will take time before the effect of these is felt in the performance tables.

These steps include creating an asset allocation group to work independently of the fund managers; creating a risk control group to limit the volatility of its funds and introducing tighter monitoring of stock selection.

Investors may prefer to wait to see the effect of these before rushing in and to hope that Invesco's price move proves catching.

New issues

Redrow upset

Plans by Redrow, Britain's biggest private housebuilder, to come to the market have been upset by the recent stock markct jitters which have seen construction shares underperform the FT-SE-A All-Share Index by 8 per cent since the end of February.

The company, which earlier this year had been expected to command a market value of £350m, revealed on Thursday that it had scaled down its plans.

Redrow is selling 87m shares at 135p to raise £117m – giving the group a market capitalisation of £298m. Redrow is seeking to raise £55.4m from tbe sale of 41m shares while Steve Morgan, its founder and chief executive, is raising £62m from the sale of 46m shares, reducing his stake to 60 per cent.

Previously, Morgan had planned to raise £100m, reducing his stake to about 50 per cent. But he decided to reduce the size of the sale following the recent decline in building shares.

Up to 35 per cent of the shares will be sold to the public, the remainder placed with institutions. It Is the third bousebuilder to come to the market, behind Beazer Homes and Wainhomes both of which have recently been trading below their issue prices.

Sbares should open at a small premium unless the market collapses betweeo now and dealings starting on May 17.

□ □ □

Hamleys, founded in 1760, is coming to the market in an offer of shares at 185p valuing the self-styled "finest toy shop in the world" at £42.3m.

Through the 1980s the company had a chequered history but new management led by Howard Dyer, chairman, and Stepben Woodbridge, managing director, has restored its purpose and profits over the past three years.

Operating margins have more than doubled to 17 per cent, boosting operating profits for the year to January to £3.6m. That only matcbed, however, the 1986 level.

Hamleys is heavily dependent on its flagship store in Regent Street, London.

It attracts 5m visitors a year, of whom 30 per cent buy something. The company plans to grow the business by opening small outlets in airports and tourist centres and to open concessions in other retailers.

At 185p, the shares were priced on a notional historic p/e of 17.8, a discount to the retail sector's 19.

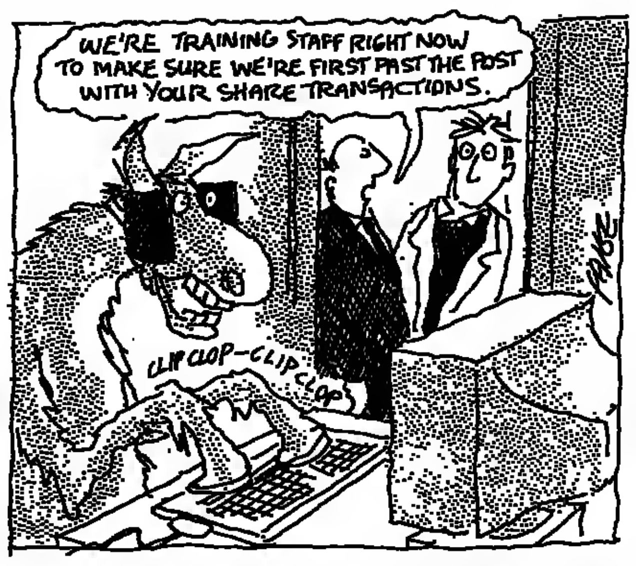
A notional dividend of 4.7p for the year ended January 29 would give a gross yield of 3.2 per cent – higher than the sector average of approximately 2.8 per cent.

FINANCE AND THE FAMILY

Diary of a Private Investor

Unanswered questions

Kevin Goldstein-Jackson examines the Crest share settlement system



The recent Grand National reminded me of Crest, the proposed new share settlement system which is expected to begin operations in 1996. The Bank of England's Crest project team is galloping towards the finish. But is it like a blinkered horse, focused mainly on the requirement to cross the finishing line? Will it be brought down by any of the obstacles placed before it? Or can it jump over everything, regardless?

According to the Treasury, charged with the task of creating legal fences, the Crest specification is due to be published next month. By the end of this year, draft legal rules should be ready for another consultation exercise, after which the finished regulations will be presented to parliament by the end of 1995 so that Crest can meet its planned 1996 operational target.

All sorts of documents have been produced. Very few private investors have seen any of them, let alone had a chance to comment. True, both Pro-Share and the UK Shareholders' Association have had a say – but their combined membership is fewer than 15,000. In the UK, there are well over 10m private investors. Does the average private investor know what is likely to happen? What weight is being given to those who submit their views to the Bank and the Treasury?

The introduction of 10-day rolling settlement on July 18 this year, with a planned five-day settlement system starting early in 1995, means that many private investors have received letters from their stockbrokers urging them to make use of the broker's nominee services. Such letters have included phrases such as: "Most clients will find it impossible to maintain certificates and transfers (if) they are to meet these new time scales for settlement, particularly in the light of postal delays."

Using a nominee service is put forward as the only way to meet the new deadlines. But many brokers are also proposing to charge investors for using nominee services. What happens if investors decide, instead, to keep their share certificates in their own name and find some other way to settle share deals within the new, short time scales?

According to the Bank, such investors "and their brokers will, of course, have to bear the costs of processing and transporting that paper through the system. A dematerialised transaction through Crest will, therefore, be cheaper to settle than a paper-based trade; but please note that we believe certificated transactions in the Crest world need cost no more than they do in the current environment." Although such transactions need not cost more, it seems likely that they will.

Perhaps private investors should deluge the Bank with copies of their brokers' letters? Sorry – the Bank says it "could not cope" with such a large amount of correspondence.

So, as brokers are likely to continue to urge their clients towards Crest's dematerialised trading system, using nominees and without having share certificates, what happens if an investor wants to change from broker A to broker B?

Under the present system, an investor with shares registered in his own name simply takes his share certificate/s to Broker B and the shares are sold. It is quick and easy. But in the dematerialised world with nominees, the investor has to contact Broker A (in whose nominee name the shares are registered) to get the shares out of that nominee name so that Broker B can sell them. It might well be that Broker A charges the investor for doing this.

What, then, happens to competition? If an investor wishes to switch from Broker A to Broker B because Broker B's dealing charges are lower, such reduced dealing costs may be cancelled out through the charges made by Broker A's nominee to give up the shares.

Can the Crest system cope with the likely volume of transactions? According to the Bank, the "peak daily transaction volume level in Crest is estimated at 150,000 transactions" – although this is being "continuously reviewed".

More than 1m people paid their fuel bills early to escape the new VAT charges. Suppose those same people, induced to believe that using Crest and nominees was likely to be cheaper than keeping share certificates in their own name, decided to switch into those nominees within the first few months of the Crest operation. Could the system, and the company registrars, cope?

What regulatory safeguards are being built into the system to insure that, in the event of another 1987-size crash, brokers will not handle institutional investors' instructions first and private investors last? Surely there should be appropriate compensation schemes for investors using Crest? Much more reliance is having to be placed on brokers inputting the correct information into the system.

Should there not be automatic compensation for errors, in the same way as the gas and electricity companies compensate their customers for such shortcomings as delays in keeping appointments?

Apparently not. According to the Bank, clients are instead "at liberty to negotiate such compensation as part of the terms of business they agree with the broker or nominee. If a broker acts in an inefficient manner and does not compensate, his clients should consider moving to another broker..." I can just imagine the response from some brokers to the average Sid seeking to negotiate outside their normal terms.

The position of nominees still needs greater legal clarification. And investors need greater protection from such events as LEV Investment Management in 1988 and Diameter Stockbrokers in 1991, when brokers got into some difficulties and it took considerable time to work out just who owned what within a nominee name.

There are solutions to these (and many other) problems, just as there were with Taurus. But will more attention be paid to the views of professionals with vested interests to protect, rather than those of private investors?

If you want to promote and improve business in a shop, you do not rely mainly on what other shopkeepers tell you – you have to ask the customers. Surely private investors ought to count as customers?

A saga that goes on for life

***Alison Smith** with a question and answer session on life insurance agents and the disclosure of information to customers*

The saga of forcing life insurance sales agents to volunteer more information to their customers has now been running for longer than some of the life policies being sold when the Office of Fair Trading first urged disclosure in 1987.

But progress is being made. In last Thursday's episode, the Securities and Investments Board, the City's chief watchdog, published the rules for bow and when sales agents must volunteer this information, along with examples of what material they should provide to prospective customers.

Research which SIB published at the same time, estimated thet the move to commission disclosure would benefit customers by £1bn a year when the full effects were felt – more than the extra costs faced by the industry.

What did the SIB actually do?

It published examples of the short, stand-alone paper which sales agents will be obliged to give their customers, along witb whatever other sales material they hand out.

On the first page, this paper must state the aims and risks of the policy, as well as the commitment the customer has to make.

It also tells customers what happens if they give up early on a long-term policy, and what the sales agent is getting paid for advising the customer to huy the policy.

What difference will this make to me, the customer?

At the moment, sales agents do not have to volunteer some of the information set out in the paper. It should mean that you are better placed to decide whether you really want the policy or whether you think it is too expensive for how you might benefit.

But isn't life insurance too complicated for everyone except accountants and actuaries?

Not in terms of the sort of information that would he helpful in deciding whether you want to buy life cover. This new paper – the "key features" document that sales agents will have to provide – is pretty jargon-free, and has no small print or footnotes. It has been devised after three rounds of market research to see what is the best way of giving people this information, and is relatively straigbtforward.

Most recent research showed that even people who classed themselves as not good with numbers – or who admitted they found buying life insurance a hit nerve-wracking –found they could understand most of the paper's main points. And that is before the final revision to make it clearer still.

Will I be able to trust the figures in this paper about what the policy I might buy would yield?

No. They simply give examples of what you wonld get back from your policy after, say, 10 years assuming particular rates of growth. They are not a guarantee. What you get back would depend on how your investments had grown.

Life companies will have to use the same rate of growth for these illustrations, so you should be able to make a reasonahle comparison, hut the performance of different life companies' investments can vary.

Sales ogents will douhtless be only too happy to explain how well the investments they are recommending have performed in the past, although they should make the point that past performance is no guide to the future.

Do I have to do anything to get this key features document?

You do not have to do anything when you are talking to the sales agent – he or she is meant to give you this information without you asking. But, if the system is to work in terms of putting pressure on life companies to cut their charges, then you should be prepared to shop around and compare prices.

Many life companies have argued that their policies have to be sold and are not just bought, because people are so reluctant to think about making provision for what happens when they die or when they retire. Regulators believe that people are sophisticated enough to make informed choices about what policies they buy. If the new regime of disclosure is to have its intended benefit the regulators will have to be right.

When will I get this information?

During the course of a sale, you should be given the key features paper as soon as you are aeriously considering taking out a policy. If, for example, you have come as far as discussing a particular company's product with a sales agent, then you should have been givan this paper. It should not wait until you are just abont to sign a form agreeing to huy the product.

As for when the new regime itself will come in – well, there is still a bit of a wait. Life companies have been given until the beginning of next year before all of this becomes compulsory, and until the middle of next year before they are obliged to give you detailed figures which are entirely related to yonr own circumstances and the policy you are thinking of buying.

In theory, companies can adopt the new requirements from the beginning of July, but do not hold your hreath expecting that most will meet that deadline.

Why has it taken so long?

Many in the life industry have vigorously resisted disclosure proposals, saying that they would lead to "underprovision" – a drop in sales – lower charges, and asserting that customers did not want the information.

They also said it would be unfair to make only independent financial advisers provide this information, and that it would be too difficult to do the calculations for a fair comparison with, for example, banks and huilding societies selling life products.

It was only when the Treasury started hanging heads together last July, and insisting that all sales agents should disclose commission, surrender values and other information, that the proposals seemed inevitable and much of the serious task of making them work started.

So what are the life companies going to do about it now?

On past form, they will carry on moaning ahout how unnecessary it is even after the new regime has been introduced. They are also likely to re-design at least some of the policies they sell, to make them more attractive in the regime of *glasnost*.

For the most part, this will mean finding ways of apreading the commission more evenly over the life of the policy, so the customer's initial payments are not so taken up just with paying for the advice. It has the added advantage of giving the sales agent more of an interest in selling policies that are less likely to lapse early.

Will I get a better deal?

Perhaps. Products will not become any less risky just because the way of paying for those who sell them has changed. Bnt you should be ahle to get a clearer idea of the extent of the risk yon are running – and see how much you lose if you give up early on a long-term policy, or give up in the penultimate year, just before a bonus is paid.

According to research commissioned by SIB, the new regime's impact will make competition fiercer. This should mean that commissions will come down – although they could fall a long way and still be higher than when there was an industry-wide agreement about the maximum commission that could be paid.

It should also mean that some of the less efficient companies find it too difficult to survive in this new environment and close, leaving the market to the orgonisations that are better-run.

If it is going to have such a good effect, why haven't the life companies adopted this approach before?

Why not ask them?

How to take care of yourself

If yon become old and frail, whom do you expect to look after you? And whom do you expect to pay for the care?

Recent research by PPP Lifetime, a provider of insurance to pay for long-term care for the elderly, shows that there is a wide gap between people's expectations of care in their old age, and what is likely to happen.

PPP's survey found that only 18 per cent expected to pay for their own care, whereas in fact more than 60 per cent of elderly people in residential care contribute to its cost. There was a widespread feeling that as people had paid taxes all their lives, the state would provide. The reality is that state help is means tested, and anyone with savings and assets above £8,000 will not receive much state support.

In developed societies, people are surviving longer, but are often incapacitated in their final months or years. Relatives are less likely to be willing – or able – to look after them, as more women are working, more marriages end in divorce, and families are scattered over wider areas.

The number of elderly people will rise sharply over the next few decades: in 20 years' time, there will be 50 per cent more people over the age of 85, and fewer people of working age to care and pay for them.

The UK's response to impending need lags behind that of some countries. In Germany, for example, the government recently introduced a 1 per cent extra tax to pay for long-term care.

A paper in the Consumer Policy Review this month says: "The general picture is one of the state reducing its commitment to open-ended financing of long-term care. As people become more aware of this, they may become more receptive to the idea of pre-funding their own care."

The paper says possible ways of funding care include: pensions – but the government has banned the only pension scheme which made direct provision for care needs; general savings – an inefficient method; raising funds from housing assets – this has possibilities, but not all elderly people are home owners; or insurance products.

Long-term care insurance has been available in the UK only for the past three years or so; the number of policies sold represents a tiny proportion of the potential market.

But it is already proving its worth: last month PPP started paying its first claimant, a man in his mid-60s who took out a policy a few months ago. He has since suffered a stroke, leaving him unable to carry out a number of the "activities of daily living", such as bathing and eating unaided, on which claims are assessed.

PPP says its main buyers are 65- to 75-year-olds, but there are signs of interest from the sandwich generation – middle-aged people caring for parents and children.

Commercial Union, another of the main care insurance providers, says two-thirds of its policyholders are women, and two-thirds are over 60, many single or widowed. According to CU, the peak buying times are between 60 and 65 – ie around retirement time, when many people will have lump sums to pay for single premiums – and for women, in their 70s, often when they are recently widowed.

But it is not just single people who should consider making provision for their care needs. Married couples cannot afford to assume that they will be able to look after each other – a frail 80-year-old is unlikely to be able to lift a marginally frailer spouse of the sama age into their bed or bath.

Usually it is not necessary to cover the entire amount of £20,000 a year or so needed to pay for full-time nursing bome care – just the shortfall between availahle income and the cost of a nursing home.

Comprehensive policies pay a reduced amount if you become mildly incapacitated and need part-time care at bome. Most allow you to use up to half the annual sum insured to pay for home alterations, such as stair-lifts.

A woman wanting £10,000 a year of top-up cover for both mild and severe disability, increasing by 5 per cent a year, would pay £55.80 a month if she took out a Commercial Union policy at age 45, £73.80 at age 55, or £110.90 at age 65. A man would pay £37.70, £53.30, or £76. A glance around the female-dominated sitting room of any nursing home is enough to explain women's higher premiums.

Excluding mild disability, or not allowing for inflation, will reduce premiums. You can also pay a single premium: a 65-year-old man would pay £11,006.54 for the cover above, while a woman of tbe same age would pay £20,685.58.

The earlier you take out a policy, the chesper it is, as premiums do not rise with age for existing policybolders. Obviously, you may pay more if your medical history presents a higher risk. However, once you have a policy, new medical problems will not affect it.

Bethan Hutton

It is not easy for an independent financial adviser to move from commission to fees. Pat Brogan knows that only too well. In 1991, Brogan – who founded Pat Brogan Life & Pensions in Perth, Scotland, 15 years ago – gave himself three years to accomplish the task. He has discovered he was over-optimistic.

"We have heen working actively on moving the clients totally on to fees and I thought we could do it within three years. But I have raised that to six years now," says Brogan.

"I found that people looked at me as if I had two heads when I said we were going to put together a totally fee-based client base. But I hope the day will come when we get away from commission altogether. Then we will be a profession.

"Once you are charging a fee, you don't have to worry where you are putting clients' money. You have complete freedom of investment choice, and you can really try to build up clients' wealth. And I want to know what my income will be. Every profession expects that."

Brogan finds that younger clients are the most resistant to fees. He believes this is largely because they have little experience of other fee-based professionals such as accountants and solicitors. So, to encourage them, he has introduced a £15 to £20 a month retainer service as a sort of starter pack. "It is too cheap," he agrees, "but young clients are not difficult to look after and they are our future."

Rather surprisingly, Brogan has also met some resistance to fees among his corporate clients. The firm provides financial advice for several small companies with annual turnovers ranging from £500,000 to £15m. Some continue to believe they will save money if they stick to commission-hased advice.

Brogan says: "I tell them thet if they retain me for £7,500 they will be far better off, but they say they don't want to pay that way. Some managing directors are very good at making money but they are not very sophisticated in financial matters."

Many of Brogan's clients come through his corporate connections; others have been recommended by existing clients – he does not advertise. He also has a client base in the Shetlands and he spends five days a month there. "In the past 18 months, many clients have come to us because of the drop in interest rates," says Brogan.

Most of his clients want investment advice. Typically, they will have around £150,000 in investments, a property worth around £100,000, and perhaps another property somewhere else.

"Most want income from their capital," says Brogan. "They are either getting towards the end of their working life or they have just retired, so we have to be cautious because they have no chance of making money again. We try to point that out very early on. We say, if you want a risk investment, don't come to us."

This caution means Brogan will actively manage only a small proportion of a client's investments. On a £100,000 portfolio, he would advise that only £15,000 should go into more volatile holdings. The remainder is likely to be in relatively stable investments, such as insurance bonds and National Savings.

Brogan looks "for investment houses that will provide us with the information we need and will keep in touch with us." He adds: "I talk to a lot of people. It is a question of constantly monitoring clients' affairs."

Clients choose if they want a quarterly, half-yearly or annual meeting with Brogan. All files are replicated, so that the same dossier is with the firm and with the client. The firm does not handle client money and Brogan requires a client signature before taking any investment action.

Brogan believes the financial planning pace is rather more measured in Scotland than elsewhere. "We may take less risk and we do things at a slower pace sometimes. We never push clients."

On average, Brogan takes two meetings to get the information he needs from clients, and another 14 to 21 days to prepare a report. A further period elapses. There is then a a third meeting to sign the agreement. "That's the fast track," he says. "On the slow track, it can take six months to two years.

"We insist on seeing both the husband and the wife, and we will also look at a couple's inheritance tax position and involve their solicitor in what we are doing. As a profession, we should be working with a client's accountant and solicitor. We should not be in competition with them."

Involving other professional advisers is central to another job Brogan is tackling as the Scottish branch chairman of the Institute of Financial Planning, an association still in its infancy in Scotland.

"I am putting together a study group of financial advisers who have the same goals as I do. The institute should grow from that basis. We want to involve solicitors and accountants and to create a nucleus of fee-based advisers," he says.

But he warns: "We must be seen to attract the right people. I would be horrified to introduce my corporate lawyer to some of the people in this industry. We must keep them out of the IFP by raising the standards to a level that they can't achieve."

Joanna Slaughter

The Independents

Pat Brogan

Name of financial adviser:	Pat Brogan Life & Pensions
Address of head office:	8 Tay Street, Perth PH1 5LQ
Date firm was established:	1979
Regulator:	Fimbra
Funds under management:	£7.2m (investments)
Number of clients:	850
Number of offices:	One
Minimum investment accepted:	£25,000
Services offered:	Investment and pension planning; life assurance; health insurances
Fees:	1.25% plus VAT initial and 1% annual

Commission? We just don't need it

Brogan: 14th in a series on fee-based advisers

First steps for son of BES

Bethan Hutton looks at the initial prospectus under its successor

Investors who are wondering what happened to the "son of BES", announced in last November's Budget, need wonder no more. The first company to try to raise money under the new Enterprise Investment Scheme has just put out its prospectus.

Altnamara Shipping, a Scottish company, may be familiar to some business expansion scheme investors, as it was launched through a Business Expansion Scheme issue, sponsored by Neill Clerk Capital, late last year. However, that pulled in less than £500,000. Now the company is trying again with a share issue to raise up to £4.7m through the EIS, again sponsored by Neill Clerk.

Altnamara is the latest in a long line of BES companies set up hy its chairman, Sir Ross Belch. His previous ventures include Ferguson Marine, which bought Ferguson Shiphuilders from the Kvaerner Group, and Altnacraig Shipping.

Altnamara has already agreed to buy a 6,000 tonne second-hand dry bulk carrier, the Radnes, for $1.96m. The ship will he operated in a European shipping pool run by Jebsen Wilson, following tha example of Altnacraig, which has three mini-bulk carriers in the same pool. After the Radnes has been paid for, any extra money raised through the EIS issue will be used, together with borrowings, to huy and operate further ships.

The reason why it has taken so long for the first EIS issue to emerge is that although plans for the EIS were announced last November, the details are not final until the Finance Bill, which is etill going through parliament, receives royal assent early next month.

'With any new undertaking you are going to have teething problems'

Many of the elements of the BES which were being abused, such as guaranteed exits, and low-risk residential property schemes, have been stamped out by the new EIS rules. To qualify for the scheme, an issuer must be a genuine trading company – so all the university accommodation or repossessed property schemes which sprang up in the last stages of the BES are excluded.

Individuals can invest up to £100,000 a year in EIS issues, an increase from the annual BES limit of £40,000. Companies are allowed to raise up to £1m a year through the EIS, unless they are shipping companies, in which case the limit is £5m a year.

BES offered investors up-front tax relief up to the higher rate tax band of 40 per cent; EIS is less generous, offering only 20 per cent up-front tax relief. However, EIS losses can he offset against income or capital gains tax, whereas BES made no allowance for losses. A further change is that investors can become directors of EIS companies without losing their tax relief.

The Budget also introduced a new tax break by which investors can delay capital gains tax liability by rolling-over gains into unquoted trading companies. Altnamara is also encouraging investors to use this opportunity.

But investors should probahly be wary of rushing to throw their money into the first few EIS issues with as much enthusiasm as they showed in the last days of BES.

David Harris, an independent financial adviser with Chantrey Financial Services, says he is reserving judgment on EIS for the moment.

"We are reverting at this stage to where the BES came from, in that there is a real industrial risk involved. The history of the early BESs, and also the commercial BESs, can hardly be described as a good one," Harris says. "And the likelihood is that with any new undertaking such as this, you are going to have teething problems.

"It does strike me that for the level of commercial risk you are asking people to take, 20 per cent tax relief is probably not going to be adequate to encourage them."

Harris believes that the £1m limit for EIS issues by most companies will mean that most of the sponsors who were churning out BES issues during 1992-93 – firms such as Johnson Fry, Neill Clerk, and Close Brothers – will not find it worthwhile getting involved to the same extent in the EIS.

This may mean that companies decide to go it alone, and there will be less of a filtering process to exclude the ones with little chance of survival. So investors wilt have to be even more cautious.

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Gross Yield %	Full PEP Qual	Savings Schemes Avail.	Charges outside PEP: Initial %	Annual %	Other %	Minimum Invst. £	Charges inside PEP: Initial %	Annual %	Other %	Minimum Invst. £	Special offer: Discount %	Period
■ Baring Emerging World Fund														
Barings (071 628 6000)	n/a	0	No	No	5.0	1.5	No	2,500	n/a	n/a	n/a	n/a	*	25/4/94-8/5/94
Based in Dublin to escape UK limits on investment in certain overseas markets, the fund is SIB-recognised. Mainly invests in Far E & Latin America														
■ Latin America Fund														
Save & Prosper (0800 282101)	International growth	0	No	Yes	5.5	1.5	No	1,000	n/a	n/a	n/a	n/a	**	14/5/94-3/6/94
Hot on the heels of the launch last year of two S&P Far East funds comes this. Regional emerging market funds are riskier than global ones.														
■ Exeter Pacific Growth Fund														
Exeter Fund Managers (0800 807807)	Far East Inc Japan	0	No	Yes	5.5	1.5	No	1,000	n/a	n/a	n/a	n/a	‡	4/5/94-27/5/94
Exeter specialises in investment through investment trusts and will use closed end funds for its first regional unit trust. Same caveat as above.														
■ Hypo Foreign & Colonial Japanese Growth Fund														
Hypo Foreign & Colonial (071 454 1434)	Japan	0	No	No	5%	1.5%	No	1,000	n/a	n/a	n/a	n/a	1%	22/4/94-16/5/94
Aiming for long-term capital growth as the Japanese economy recovers, and buying in while share prices are still low.														

*Fixed price of 100p per unit. **Initial charge reduced to 4.5% on £1,000-£2,999 and to 3.5% on £3,000 and above. ‡ Initial charge 4.5%.

NEW INVESTMENT TRUST LAUNCHES

Manager (Telephone)	Broker	Sector	Warrants	Targets: Size £m	Yield %	PEP Qual?	Savings Scheme	Issue Price P	Minimum NAV P	Outside PEP: Minimum Invst. £	Annual Charge %	Inside PEP: Minimum Invst. £	Annual Charge %	Offer Period
■ Fleming Indian Investment Trust														
Fleming (071 382 8989)	Smith New Court	Emerging Mkts	1:5	100	n/a	No	Yes	100p	96p	2,000	1.2%	n/a	n/a	27/4/94-18/5/94
The first UK investment trust to focus solely on India, one of the world's largest emerging markets														
■ Johnson Fry European Utilities														
Johnson Fry (071 321 0220)	Smith New Court	Split Capital	No	30	6%	Yes	No	100p	n/a	3,000	0.6%	3,000	£30	16/5/94-7/6/94
Pan-European version of Johnson Fry's two high-yielding UK utilities trusts, launched last year														

Saye

Small saver hints

Small savers are usually hard done by when it comes to interest rate levels, with institutions paying the highest rates to those with the largest sums of money, as the Moneyfacts table (right) shows.

However, small savers can earn up to 8.62 per cent annually and tax-free to boot through the government's save-as-you-earn scheme.

This is a five-year tax-free scheme with a minimum monthly saving of £1 to a maximum of only £20 a month, or £1,200 maximum. The bonus paid at the end of five years is equivalent to an annual return of 8.3 per cent; if the money is left for another two years, it is 8.62 per cent.

These figures gross up to 13.8 per cent and 14.4 per cent for a higher-rate taxpayer or 11.1 per cent and 11.5 per cent for a lower-rate taxpayer.

Early withdrawale are allowed hut no interest is paid for withdrawals in the first year; the rate is 6 per ceot thereafter. Yon can only have one SAYE contract at a time.

The only bank to operate the scheme is Abbey National. The building societies are: Alliance & Leicester, Bradford & Bingley, Bristol & West, Britannia, Buckinghamshire, Cambridge, Chesham, Cheshire, Chorley & District, Derbyshire, Dudley, Earl Shilton, Furness, Halifax, Harpenden, Leeds & Holbeck, Leek United, Marsden, Mercantite, Newbury, Newcastle, North of England, Principality (from Tuesday), Scottish, Vernon and Yorkshire.

Scheherazade Daneshkhu

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Birmingham Midshires BS	First Class	0902 645700	Postal	£500	5.50%	Yly
Manchester BS	Money by Mail	061 839 5545	Postal	£1,000	6.00%	Yly
Leeds & Holbeck BS	Albion	0532 438292	Postal	£10,000	6.45%	Yly
				£25,000	6.60%	Yly
NOTICE A/cs and BONDS						
Greenwich BS	Capital Shares	081 858 8212	30 Day	£10,000	6.60%	Yly
City & Metropolitan BS	Super 60	081 464 0814	60 Day	£10,000	6.80%	Yly
Chelsea BS	Fixed Rate Bond	0800 272505	30.6.97	£10,000	7.60%F	Yly
Britannia BS	Fixed Rate Bond	0538 391690	1.6.99	£2,000	8.25%F	Yly
MONTHLY INTEREST						
Manchester BS	Money by Mail	061 839 5545	Postal	£5,000	5.84%	Mly
Northern Rock BS	Postal 7	0500 505000	7 Day(P)	£10,000	6.35%A	Mly
City & Metropolitan BS	Super 90	081 464 0814	90 Day	£25,000	6.70%	Mly
Britannia BS	Fixed Rate Bond	0538 391690	1.6.99	£2,000	8.00%F	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£3,000	7.35%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.30%	Yly
TSB		Via Local Brnch	5 Year	£250	7.25%	Yly
National Counties BS		0372 742211	5 Year	£3,000	7.25%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	4.75%	Yly
UDT	Capital Plus	061 447 2438	Instant	£1,000	4.75%	Qly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.25%	Yly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yly
Portman CI Ltd	Fixed.Int.Bond	0481 822747	1Yr.Bond	£500	6.00%F	OM
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.15%	Yly
GUARANTEED INCOME BONDS (Net)						
Premium Life		0444 458721	1 Year	£1,000	4.70%	Yly
General Portfolio		0279 462839	2 Year	£20,000	5.40%	Yly
General Portfolio		0279 462839	3 Year	£10,000	6.10%	Yly
Consolidated Life		081 940 8343	4 Year	£2,000	6.50%	Yly
General Portfolio		0279 462839	5 Year	£50,000	8.90%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%IF	Yly
	Pensioners GIB		5 Year	£500	7.00%F	Mly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00%F +Infln	OM
	Childrens Bond F		5 Year	£25	7.25%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = 0.25 per cent bonus if no withdrawals per annum. G= 5.75 per cent on £500 and above; 6 per cent on £25,000 and above. H= 6.75 per cent on £25,000 and above. I= 6.40 per cent on £20,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain an introductory copy by phoning 0692 500677.

FINANCE AND THE FAMILY

Revenue's own goal

***David Cohen** explains how taxpayers can profit*

Crossing swords with the Inland Revenue can often feel like playing for your local park team against Manchester United. But an admission last week from its chairman, Sir Anthony Battishill, confirms that even the taxmen can score an own goal. Alert taxpayers may be able to take advantage.

The chance to save money arises if your inspector of taxes fails to make "proper and timely use" of financial information you have given him. If his lethargy lingers for more than a tax year, and lulls you into believing you owe no tax, when he finally does wake up you might be able to boot his tax demand into touch when, finally, it shows up.

The proportion of the bill to be written off depends on the taxpayer's income bracket; people earning no more than £15,500 a year per annum pay nothing while anyone ou more than £40,000 will get no relief at all (for in-between incomes, see table).

Sir Anthony 's statement promised a let-off for people who had failed in good faith to declare they were getting state pensions and now face unexpected demands for arrears.

The Revenue was told about these pensions by the Department of Social Security. On Tuesday this week, a press release announced that, from now on, relief will extend to cases in which information is made available by the DSS rather than by the taxpayer or his employer.

Tax rebates

What you get

Gross income (£)	Tax arrears written off %
15,501 - 18,000	75
18,001 - 22,000	50
22,001 - 26,000	25
26,001 - 40,000	10

Source: Inland Revenue

Whether or not a pensioner, a taxpayer will qualify for a rebate only if he genuinely believes his position is up-to-date. But because the whole idea of waiving tax arrears has no statutory basis and is merely a "concession," it is the Revenue itself which must be persuaded of the individual's bona fides.

So, there is little point in arguing if the decision goes against you – the opposition is also the referee.

A taxpayer will be playing on firmer ground if, instead of paying too little tax, he has paid too much. When the Ravenue gets round to returning the excess amount, it might be obliged to add a "repayment supplement."

Generally, tha right to a supplement will not start until 12 months after the end of the fiscal year in which the liability arose. It will then be payable for the period from the starting date until the fifth day of the month following the month in which the surplus tax is repaid.

Suppose, for example, tbat an overpayment of tax for the year to April S 1992 was repaid in February 1994. The supplement period would have run from April 5 1993 to March 5 1994.

With effect from 6 April 1996, howaver, the timing rules will change in taxpayers' favour. As part of a drive general to simplify simplification of personal taxation, the repayment period will run from the date on which the tax becomes payable (or, if later, the date it is actually paid) until the repayment date.

The supplement is calculated on the basis of a rate of interest fixed by the Revenue and adjusted from time to time to keep it broadly in line with market rates. The present current rate is 5.5 per cent, and it is tax-free. Until last April, no snpplement was payable unless at least £25 of tax was repaid, but this threshold has now been abolished.

These rules apply both to income tax – whether paid by an individual personally or hy an employer through the Paye system on behalf of an employee – and to capital gains tax.

Although CGT does not become payable until the December following the tax year in which the gains are realised, the supplement period is linked to the year for which the tax is charged, rather than the year in which it is payable. Hence, CCT for 1992/93, overpaid in December 1993, will attract a supplement if not repaid by April 5 1994.

If you are fortunate enough – or perhaps stupid enough – to get a repayment supplement, you should check carefully that it is the correct amount.

Anyone who has baan short-changed will know what to do but, equally, a taxpayer who realises the repayment is excessive but keeps quiet could be committing a crime.

■ *David Cohen is o partner in the City legal firm of Paisner & Co.*

Tax relief for couples

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

Your writer Andrew Radice says *(Weekend FT, March 12-13)* tax relief on the married conple's allowance is not worth transferring from husband to wife unless his income is below the threshold. What is this threshold: tax band 25 or 40 per cent? With regard to CGT, he says assets should be transferred to take advantage of the £5,800 allowance of the spouse. I thought the £5,800 allowance was for husband and wife.

■ When he wrote "unless the husband's income is below the threshold," Radice meant simply "unless the husband's income is so small that his income tax bill would be less than £344 (viz, 20 per cent of £1,720) if he had no married couple's allowance."

As for your second question, husbands and wives have had separate CGT exemptions since the introduction of independent taxation. In 1990-91, the figure was £5,000 each. It rose to £5,500 in 1991-92 and to £5,800 in 1992-93 and thereafter.

Indexation losses

The table published on April 16 in the *Weekend FT's* series on capital gains tax suggests that indexation losses relating to disposals made between November 30 1993 and April 5 1994 may exceptionally be carried forward to the 1994/95 tax year if they were not all needed to rednce the net gain for 1993/94 to the valne of the annual allowance (£5,800). Is this correct?

What is the position now regarding claims for "negligible valne" made in the tax returns for 1993/94? The original Budget proposals, I understand, provided that no indexation losses would be allowed on any such claims made after November 30 1993, irrespective of the actual date when the assets in qnestion were deemed valueless.

Indexation losses, of course, will now be allowed; but is it correct that snch indexation losses must be considered to have been incurred after November 30 and, thus, that they must in all circumstances come out of the £10,000 limit?

■ The answer to the first question is yes. The answer to the second also is yes as a result of the schedule added to tbe Finance Bill on the day you wrote to us.

Employee share scheme

I am confused over aspects of the employee share option scheme. 1. With save-as-yon-earn contracts, is indexation applied from the date of exercise of the option or the original date of grant? The price used would be that at the date of grant.

2. With execntive share options, a nominal sum is paid on the grant of the option but the exercise may be three to seven years after grant. Is indexation applied from the date of exercise?

3. With profit-sharing schemes, shares granted are not the employee's saleable property nntil the expiry of five years from the grant, when the share certificate is provided. Is indexation applied from the date of the grant rather than the date of issue of the share certificate?

■ 1. The cost of the option (a nominal sum, generally) is indexed from the grant of the option. The exercise price is indexed from the day of exercise.

2. Yes. The rules are the same as for Saye options.

3. Indexation runs from the day of the grant.

Warrants and CGT

I understand that warrants, if exercised, are not subject to CGT even if they are bought for cash on the market. But what if warrants are bought and sold on the market? Do I have to pay tax on any gain?

■ Listed warrants sold on the market are treated just like listed shares, for CCT purposes. A cash profit is eligible for indexation relief; a cash loss is allowable* without being increased by indexation unless the transitional £10,000 relief applies.

Exercising a warrant does not produce any immediate CGT consequences, as you say. When the shares are sold, they are deemed to have cost you the total of (a) the cost of the warrant and (b) the amount paid on exercise; the cost of the warrant (a) is indexed from the month of purchase to the month of exercise, and then the total of that indexed figure and the amount paid on exercise (b) is indexed from the month of exercise to the month of sale.

*If you buy warrants which eventually expire worthless, the cost is allowable as a loss which is deemed to arise on the day of expiry.

A claim from abroad?

My bachelor son works in Luxembourg. His salary is paid in local currency and is taxed locally. He also has investments in the UK. These include building society interest, which is paid gross (he has signed form R85), and shares from which dividends are received net. These amount to abont £1,500 gross a year and tax of £300 is deducted.

Since he does not complete UK income tax returns, he is not claiming back the £300. But is he entitled to the single person's allowance (in which case it would be worth his while to claim back the tax)?

■ Although your son probably is entitled to UK building society interest without deduction of tax (because he is not ordinarily resident in the UK), he was not entitled to sign form R85 (which applies only to people resident in the UK).

If he signed by mistake, he should write at once and explain his error to the building society. All Commonwealth citizens are entitled to a personal allowance, regardless of whether they are UK resident. Your son should write for a claim form to: Inland Revenue Claims Branch (International), St John's House, Merton Road, Bootle, Merseyside, L69 9BB, saying how far back he wants to claim.

PERSPECTIVES

Minding Your Own Business

Herbal recipe for a healthy company

Clive Fewins on imports from China

Robert Miller had been suffering from bronchitis for two months when he gave up conventional medicine in favour of seeking a remedy in Boston's Chinatown. He found a Chinese doctor who seemed to have the powers of a fortune teller.

"He told me amazingly accurate things about my medical history, gave me a revolting tasting herbal potion, and two days later my condition started clearing up. After a week I was feeling 100 per cent," said the healthy six-footer from Ohio.

For Miller, it was the road to Damascus. With relief he sold the exhibition organising business he had run since 1977 and which he blamed for the stress at the root of his bronchitis. A few months after, in early 1980, he started a herbal importing business.

In 1986 he moved to England, where he had spent time as a child, and started East-West Herbs in a 400 sq ft converted stable block near the Oxfordshire home of a friend.

Within a few months he had sold the US business and formed a partnership with his friend, Michael McIntyre, a herbal practitioner whom he bought out in 1990. Miller now holds the major interest but six of the 20 full and part-time employees have a minor holding.

The growth of East West Herbs was at first unspectacular. Initial capital was £20,000, shared between the partners. In the first year the company turned over a mere £12,000. During the second year it acquired a third member of staff and turned over £40,000.

The 1993 figures showed a net profit of just under £90,000, and the business turned over £900,000.

The warehouse and laboratory now occupy 6,000 sq ft of former farm buildings.

"Our progress has mirrored the increasing use of Traditional Chinese Medicine (TCM) in this country," said Miller, 43. "But we have had to work hard for our money and there have been reversals."

The worst of these was the October 1992 exchange rate crisis, when Britain left the ERM. "I was slow to realise the effects of this. In February 1993 I had to send out a letter to all customers adding a surcharge of 10 per cent to wholesale prices and a surcharge on all prescriptions being mailed to practitioners," said Miller.

East-West Herbs weathered the storm. "Life was hard last year. We had to ask our suppliers for extended credit and our bankers, Coutts, were very helpful with our overdraft facility, which I do not generally like to exceed £50,000," Miller said.

The company nevertheless achieved nearly 30 per cent growth and expanded the work of its research and authentication laboratory. In this department the key figures are two Chinese TCM specialists. The core business remains supplying more than 1,000 herbs, herbal preparations and herbal products to about 1,000 customers in a dozen countries. In this, Dr Shouming Zhong and Miss Hongwen Yu play a key role.

"In 1986, when we started, the oriental herb supply business was in the cottage industry category," Miller said. "A lot of Hong Kong fraudsters were able to pass off inferior preparations to unsuspecting non-Chinese speakers. My aim has been to raise the whole standard of what this business is all about in this country."

Dr Zhong, a phyto-chemist, formerly a professor at the Chinese Pharmaceuticals University in Nanjing, and Yu, who previously worked at the London School of Pharmacy, concentrate on authentication.

"Many Chinese herbs traditionally undergo a long process of baking, steaming, frying and mixing before they are ready for use," Miller said. "In Hong Kong, unlike mainland China, there are no rules or regulations governing the preparation of pharmaceutical products. Processing methods there often contravene the guidelines of the Chinese Pharmacopoeia. At East-West Herbs we have installed a stringent quality control programme and now import our herbs directly from mainland China."

Chinese prescription for success: Robert Miller (left) with Hongwen Yu and Dr Shouming Zhong Ashley Ashwood

At the company headquarters in the village of Kingham near Chipping Norton the smell of herbs and herbal preparations emanates from the dispensing area, where staff prepare prescriptions for TCM products and 150 western herbal tinctures.

As well as being available by mail order, many of the company's products can be bought at the East-West Herb Shop and clinic in London's Covent Garden, and the company recently signed a contract with a large pharmaceutical company to carry out research into a remedy for what Miller describes as "a common ailment in this country".

"Overall, our net profit is under 10 per cent, but this is not my prime measure of success," Miller said. "My main aim has always been to exploit the growth potential of TCM in this country. In the US there is a $400m market, but the Germans are the biggest per capita users of TCM outside China. The market there is estimated at $1.5bn.

"TCM provides primary health care for a quarter to a half of the world's population. It is now possible to study TCM in this country, and more and more British people are going to China to learn about it. It is also being practised in half a dozen NHS clinics, so there is tremendous growth potential. For East-West Herbs the really profitable phase is yet to come."

■ *East-West Herbs, Langston Priory Mews, Kingham, Oxfordshire OX7 6UP. Telephone: 0608-658862.*

Fishing/Tom Fort

The challenge of a new river

A new age has dawned in my angling career. I do not expect it to be golden – a tarnished, mottled silver will do. The first omens, I am relieved to report, have been reasonably propitious. But I remain a trifle fearful, for a change of river at my time of life is a momentous thing.

I have swapped Berkshire for Hampshire, and forsaken the broad waters of the middle Kennet for the limpid Itchen. To give it an educational parallel, it is as if I had left the familiar surroundings of school, and was peering in to some college of higher learning. There is a fear of being found deficient; and with it a sense of challenge.

This is not to denigrate the Kennet, where I have had several happy years – and even the occasional triumph over a trout. But the Itchen is a different kettle of fish. My new refuge is the Abbots Barton water on the outskirts of Winchester – hallowed in fly fishing's traditions because it was here that the immortal Skues studied trout, and refined to the point of revolution the way we fish for them.

The idea that I or anyone else could follow in his footsteps is laughable. But his shadow – as well as a sturdy commemorative seat – are there, along with the memories of his encounters with trout. So I felt a touch daunted as I made my debut.

The season on the Itchen opens at the start of April. Now I have always had my doubts about April trout fishing. Forget about Chaucer and his "shoures soote" – the problem these days is winter hanging around to flay hopeful spring-seekers with Arctic blasts, hailstorms, snow flurries and the like.

So it was for the first half of this April. I cowered indoors until the forecaster assured me that a gentle breeze was blowing from the south-west.

The countryside was caught between seasons; the river appeared chill and lifeless.

I wandered hither and thither for a couple of hours before lunch, searching vainly for any sign of meaningful activity on the main river, or on the network of feeder streams which cut through the meadows. As I ate my bread and cheese, I pondered sceptically – and a little resentfully – on the reports I had read about the infallible appearance on April days of an insect called the Large Dark Olive, and the guarantee this offered of sport with trout.

I was resigned to failure when, suddenly and miraculously, they did begin to hatch. Down they floated, dark

The idea that I could follow in Skues' footsteps is laughable

smudges against the sheen of the surface. And up came the trout to snatch them.

I had two hours of utterly absorbing fishing. Being stocked fish, they were none too faddy, and took a hackled Greenwell readily enough. By mid-afternoon I had caught and returned three or four which did not quite make the 14in size limit, and kept one handsome two-pounder.

By the fishing hut I met the keeper, a big, affable pipe-smoker named Mike. We exchanged pleasantries, and I moved upstream for a final flurry. The hatch persisted, and I spotted two fish sucking away merrily on a bend. I caught one, then the other, each heavily spotted with golden tummies, each just over two pounds. I was shamingly pleased with myself.

The keeper took the pipe out of his mouth as I approached. That was very efficiently done, he commented approvingly. Help, I thought. He thinks I'm a proper fisherman. Wait until next time.

PERSPECTIVES

Lunch with the FT

Burnish your image, sir?

***Michael Thompson-Noel** meets David Abbott, advertising executive*

If you knew even a little about advertising, you would mark David Abbott down at once as a highly-paid "creative" – possibly a copywriter – rather than an account-managing "suit". But he does wear suits – expensive ones, sometimes striped ones – so you would conclude, again accurately, that he was probably an agency head.

If you knew nothing about advertising, you would at least be certain that Abbott was rich and successful – a deal-maker, say, in movies or fragrances, or from the sharp end of fashion, supposing there is one.

Abbott is one of the best-regarded and most influential creatives in British advertising. He is chairman and creative director of Abbott Mead Vickers (AMV), which in 1994 hopes to handle billings – media expenditure placed on clients' behalf – of £200m, enough to position it among the three or four highest-billing London agencies.

A recent coup was the capture, three months ago, of an annual £50m worth of BT (British Telecommunications) business, described by the agency as the "largest single new-business win in the history of British advertising".

I met David Abbott at Bibendum, an elegant restaurant on the first floor of Michelin House in London's Fulham Road (Sir Terence Conran is a co-proprietor) – and remembered that an *FT* columnist, not long ago, had called BT "Britain's most hated company".

I mentioned this to the ace image-maker as we handled our menus. Abbott is tall, rangy and Hollywood handsome, with Persil-white hair, and is preternaturally charming: the brand of deep charm that reassures powerful clients – Sainsbury's, Volvo, Leeds Permanent Building Society, Pepsi-Cola, *The Economist*, etc – and costs a zillion per hour.

He smiled. "I am not sure," he said thoughtfully, "that that is right, except that BT suffer from being people who send you bills. I think they have made real efforts to improve their service and lower their tariffs, encouraged by the regulators. Our main job for them is call-encouragement – to extend the length of calls. On average, an American spends 20 minutes on the 'phone each day; in Britain it is four."

Only an idiot would imagine that anything could be gained by heckling an image-burnisher like Abbott with back-handed remarks about his clients, so I switched to food.

"Do you like food? Is this your favourite restaurant? Do you like Michelin-starred establishments?"

"I like food," he said. "But this" – Bibendum – "is about as posh as I get. This is such a pretty room, and we have been given almost the best table, I am not sure why. I don't like cathedrals to food. I quite like bad restaurants. Let me re-phrase that: unpretentious restaurants. If I've got a free day I like to take a book and eat on my own. If you asked me to name my three favourite restaurants – breakfast, lunch, dinner – I would answer with three in Venice: the Cipriani for breakfast, that nice one by the opera house for lunch, and Harry's Dolci for dinner."

Abbott still copy-writes. He has won many awards for it. He is particularly well-known for 20 years' work on the Volvo account, though

I was surprised when he said he still writes plenty of ads for different campaigns. He did all of the creative writing, for example, that won the BT account.

"I have a love-hate relationship with copy-writing," he says. "Now I need a deadline. I am 55, my eyesight's going and my knees ache, so there are some older audiences that I'm just beginning to understand."

He works 70 to 80 hours a week. Is he rich? "I am rich by most people's standards."

He had a notion, early on, that he would like to "do something creative", and discovered there was a job called copy-writing after picking up a book called *Madison Avenue*, by Martin Meyer. First, in 1961, he joined Kodak's advertising department. Then he worked at agency Mather & Crowther. "I had to take the copy test twice, but was offered a job because I was thought to be the Mather's type."

He had seven years at Doyle Dane Bernbach in London, including a year's training in New York, where he came to admire the best qualities of US advertising. Abbott Mead Vickers was started at the end of 1977, and has just sort of grown.

Had British advertising improved in the last 10 to 15 years? "I think it *is* better. The general executional level of ads, particularly television ads, is now of a very high standard. And technology has helped us do impossible things. If you can think it, you can make it happen, really.

"I think also there's a recognition that the viewer – the consumer – is of a visually literate generation. You can use shorthand: you can be quite clever in your visual communication. There's less pounding on the door, more subtlety, in advertising now. The danger is that that goes too far and you just have entertainment and no persuasion.

"The real problem with advertising is that there's going to be so much of it: that the proliferation of media is going to mean narrow-casting, rather than broad-casting. The price of entry is going to go down and we will become more like America than is perhaps desirable. I'm sure we're going to have car dealers [on screen] doing their own advertising, more plumbers, more back specialists and hair clinics."

"I have read," I said, "that television is expected to last 10,000 years. Will advertising always exist?"

"There'll always be a need," he said, "for some form of mass selling. As long as we value mass employment, we have to have mass production. Advertising is just an intrinsic part of western capitalist society."

"Is it my imagination," I asked, "or has UK TV advertising become more and more Americanised?"

"I'm not sure how real that is," said the image-builder. "There are two things. One, there is the influx of the multi-nationals, and a desire to use effective work from one market in another. One of my clients is Pepsi-Cola, and they run Pepsi commercials made in the States for the American market here in the UK – very effectively. And that will continue to grow. Second, I think there's a vogue for things American, so that what may look like an American commercial for Levi's is in fact created by an English agency.

"I think you're right, though. I think there will be not only more American commercials on our screens but more Italian and more French ones that are re-voiced. It's just the global economy. Certainly international business is on the increase. In 1990, 1.5 per cent of our billing was international; in 1994 it will be something like 34 per cent. For the last couple of years, nearly 60 per cent of our new-business inquiries have been from people interested in our international capabilities."

David Abbott is especially fascinating on the subject of redundancies. He hates them, and has moved heaven and earth to avoid them at AMV, even – especially – in a period when employment in London ad agencies has fallen by a quarter.

"After a while," he says, "there are only so many costs you can cut before hacking into live wood. It seems to me much more commendable for managements to go out and try and make money rather than save it, so we went for a really concentrated new-business drive, so as to hang on to jobs.

"It might have meant flat profits for a few years, but when the recession was over we'd end up with a workforce intact, good morale, clients who had not been short-changed during the lean years, and no diminishment of our ability to win new business. You can't win new business and cut staff at the same time, because you have to win new business while you're looking after old business."

When we left, the waiters, broadly smiling, sang their goodbyes to "Mr Abbott". I was not at all surprised.

David Abbott: one of the most influential creatives in British advertising Fergus Wilde

Switched on for cyberchat

***Christina Lamb** has a host of new contacts since her Internet article*

A month ago I wrote about my adventures in cyberspace through Internet, the worldwide web of computer networks. Just to see what would happen we printed my e-mail message address quite discreetly at the end for readers to send comments.

The next morning I switched on my computer to find more than 100 messages – comments on the article from places as diverse as Poland, Zambia and Los Angeles.

The following morning I signed on with anticipation to find another 80 messages, many with suggestions for further articles or even series on the same theme. Some people I had already replied to had written back again.

By the end of the week I had heard from more than 300 readers and one month on I am still receiving e-mail messages about the piece. This is far more than our letters editor receives for even the most controversial articles and many of these are never seen by the reporters.

And while people are usually spurred by irritation to writeletters to a newspaper, my e-mailers were friendly, positive and did not include a single Mr Angry. The ease and informality of being able to sit down at the keyboard and knock off a message directly to the writer seems to stimulate good humour.

Many, I think, were inspired to correspond by the article's headline, "Yes it's true. I was a cybervirgin", dreamt up by an imaginative sub-editor. Messages often began "Dear cybervirgin". Some even wanted to share their own cyber-deflowering. Robert Dilworth, in Frankfurt, wrote: "My first time was six weeks ago and I'm 35 years old . . ." I kept expecting a threatening message from the Internet postmaster, accusing me of providing a sex service.

I began to look forward every morning to a new surge of mail and even cancelling real-life dates in order to have time for new cybercontacts.

Unsurprisingly, given the net's roots in academia, a large number of messages came from professors and researchers, ranging from the geography department of Edinburgh University to the English department of Rhodes College, Memphis; from Nairobi to the University of California (UCLA).

The second biggest group were businessmen, from owners of small companies extolling the virtues of Internet in enabling them to develop a home-based business into one with customers and suppliers all over world, to the president of Citibank in Moscow who kept me updated on the city's snowfall.

The third most prolific message-senders work for organisations such as the World Bank, a UK teachers' union, the UN and the European Union.

I heard from FT correspondents in remote places such as Kiev and with whom I am now carrying on a lively correspondence; I received messages from an old schoolfriend with whom I had lost touch; and from contacts in Brazil, my last posting, telling me the latest gossip and inflation figure. A man in Bombay even said the article had saved his skin by providing fodder for a talk he was due to give.

Apart from being entertaining, many were useful. A professor in South Africa is giving me a daily personal account of the elections, while a reporter on the local Boston paper is providing a useful exchange of ideas. While the length of some messages led me to speculate over the amount of time some people had on their hands, one paediatrician impressed me by writing his e-mail mid-air, ready to send as soon as the flight landed.

Most of the messages came

I have even cancelled real-life dates in order to have time for new cybercontacts

from enthusiasts frustrated by the media's tendency to focus on negative aspects of Internet.

Many described signing on initially just for messaging, only to find a new world awaiting them. James Quirke, from Wolverhampton, who subscribed to correspond with his daughter at Bradford university, says: "Yes it is addictive but I've never had so many friends."

Some wanted to complain about cyberjunk; others had been inspired by the article to try to access the mass of information available online. For some, messaging me was their first attempt at e-mail overseas or outside their company. There emerged a generalised frustration over the cost of access in Europe, although I received many suggestions for the cheapest methods.

The experience showed that such interactivity will be the norm in the future. In the US, more than 100 newspapers are online and subscribers can message reporters directly for more information or to comment on articles. Some newspapers, such as the Raleigh Observer in North Carolina, have their computer systems connected to local schools enabling students to send in sports reports or make comments.

And from the journalist's perspective, for the first time in seven years I feel a real sense of who readers are and what they are interested in.

The only problem is that I am so busy reading and replying to e-mail that there is no time left to write articles . . .

A black and white issue

***Alan Pike** describes how the politics of race and colour is stirring up east London*

The mayor hammers his gavel to call members to order. In the distance, demonstrators chant. Police patrol outside the building. The last council meeting before next week's municipal elections is in session at Tower Hamlets, east London.

Derek Beackon, the only candidate of the far-right British National Party ever elected to a local authority, sits silent and ignored by other councillors. He is the reason for the police presence. Since he won a by-election in Tower Hamlets' Isle of Dogs neighbourhood on a Rights for Whites platform in September, demonstrators have pursued him relentlessly.

East London's history contains enough heroes of political and social reform to fill Valhalla: a whole alphabet of them from Attlee to Zangwill. The unprepossessing Beackon does not look a natural candidate for the B section alongside Annie Besant, Thomas Barnardo and William Booth. Yet if the BNP were to strengthen its position in next week's elections he might well leave a powerful, if negative, mark on this racially diverse, deprived inner city area.

East London is immensely attached to its history, particularly an interpretation of it that projects the area as a melting pot of cultures and the birthplace of compassionate and progressive causes.

Only this month Tower Hamlets council presented the freedom of the borough to the Salvation Army, founded by Booth in Stepney; the council is also appealing to residents' nostalgic affection for their past with a campaign to downplay the name Tower Hamlets and focus instead on the warm, friendly old alternative of East End. New road signs tell visitors they are entering the East End, while town hall telephone operators greet callers with the response: "Tower Hamlets, East End."

The sense of recollection to which such a campaign appeals is inevitably partial. Memories of East Enders taking to the streets in the 1930s to resist Sir Oswald Moseley's British Union of Fascists, for instance, fit more comfortably than the outcome of the 1937 London County Council elections in Bethnal Green, when the fascists came second to Labour and beat the Liberals to third place.

Yet both are facts, just like the outlandish fact that since September the local government ward containing Canary Wharf – the internationally famous symbol of the new, 21st century East End of the future – has been represented by a BNP councillor.

Isle of Dogs residents who admit having put him in office, and say they will vote BNP again next week, often add: "But I am not racist." Some are liars. London dockers, who for generations have populated the Isle of Dogs, were never among the most progressive sections of the working class; the entrenched attitudes that barred outsiders from dock work are now exhibited by some whites against Asian families moving to this predominantly white part of the borough.

This does not mean that BNP support is based only on innate racism. After Beackon's victory in September, the national Liberal Democrat party set up a committee of inquiry under Lord Lester, QC.

Police presence: Derek Beackon has been pursued relentlessly by demonstrators since his election to Tower Hamlets' Isle of Dogs neighbourhood PA

Moseley: East Enders resisted his fascists in the 1930s Camera Press

Its conclusion that leaflets produced by members of Tower Hamlets Liberal Democrat party, which controls the council, had exploited racial prejudice in a bid for the support of white voters remains a matter of controversy in the local party. But few Tower Hamlets residents would argue with the committee's analysis of the background:

"It is not surprising that Tower Hamlets should be a potential breeding ground for racism given the extent of social and economic deprivation, the high proportion of relatively recent immigrants from rural Bangladesh, the lack of adequate housing stock, the onerous statutory duties placed upon the council to house homeless persons, the government's failure to provide adequate resources to meet the pressing needs of this greatly deprived part of London's East End."

Labour and Liberal Democrat councillors – there are no Conservatives on Tower Hamlets council – certainly endorse the criticism that the government has failed to provide adequate resources. The question of whether councillors themselves have inadvertently contributed to the BNP's growing confidence – whether in their administration of this racially complex borough, they have fallen short of the proud, progressive traditions on which their crusade to reinstate the old image of the East End is built – is a less comfortable one for them.

But concerns about racial bias in Tower Hamlets' housing policies have a long pedigree. They began before Labour lost control of the council to the Liberal Democrats in 1986; the Commission for Racial Equality issued a non-discrimination notice in 1987, and the council's housing activities have been the subject of continued monitoring and court actions since then.

The Lester report concluded that, since 1990 at least, there was "ample evidence" that the Liberal Democrat party at federal, national and regional levels had been "aware of problems in Tower Hamlets"; 300 Bangladeshi members of the Tower Hamlets party wrote to the Lester committee alleging racism against three Liberal Democrat councillors.

Labour has been unable to witness these events with detached purity. Some of its own leaflets are alleged to have also played on white voters' concerns over the allocation of housing to Asians, while the local party has never dealt satisfactorily with claims that false canvas returns exaggerating BNP support were leaked during the by-election and became self-fulfilling.

Whatever the causes of the growth in BNP support, the potential consequences are particularly serious in Tower Hamlets. The council is the most decentralised in Britain, with services and decision-making devolved to seven neighbourhoods. Election of only two more councillors alongside Derek Beackon would give the BNP control of Isle of Dogs neighbourhood. A further three would bring control of Globe Town. Winning both would put £40m of discretionary spending in the BNP's hands.

Liberal Democrats – promoters of decentralisation – point to surveys indicating the policy has popular support; critics say it has deprived councillors of a collective, unifying sense of responsibility for the borough as a whole, turning them instead into parish managers – and their electorates into inward looking parishioners – and that the BNP has capitalised on this.

Next week, the Liberal Democrat and Labour parties that dominate Tower Hamlets politics must persuade one of Britain's most racially volatile areas to step back from a further vote for extremism. Labour's Arthur Downes, longest serving member of Tower Hamlets council, points to the dilemma they face: "There is a feeling among the people of the Isle of Dogs that the Conservative government has let them down, the Liberal Democrat controlled Tower Hamlets council has let them down and the Labour controlled Isle of Dogs neighbourhood has let them down.

"In the past, they believed no one listened when they complained that they felt let down. Now that they have elected a BNP councillor the political parties, press, television and opinion pollsters are all listening. That is a very difficult perception to deal with in an election campaign."

Neither do the main parties go united into the fight – the aftermath of Derek Beackon's win has worsened divisions in both Labour and the Liberal Democrats and break-away factions are standing against the official parties.

The last council meeting before the election draws to a close. Councillors leave the chamber for the most important campaign they have ever fought carrying their agenda papers, covered with the borough coat of arms and motto.

It is the old Stepney council motto, so familiar to those heroes of the East End's political past, translated from Latin and retained when Tower Hamlets was formed in 1965. *A Magnis ad Maiora*. From Great Things to Greater. Next week will determine whether, in 1994, it should end with a question mark.

A series of three simple silver beakers, ranging in price from £284 to £488

Jug in silver and black enamel with carved ivory handles, commissioned by the Victoria & Albert Museum

Silver master goes public

Gerald Benney is opening a shop to sell his exquisite wares, writes ***Lucia van der Post***

Gerald Benney is one of the grand old men (if he will forgive the "old") of British silversmithing. With Robert Welch and David Mellor, he was part of a particularly talented triumvirate that trained at the Royal College of Art in the 1950s and that breathed life and interest into modern silverware when British design was struggling to find an identity.

Benney has always been known as an innovative silversmith. Peta Levi, the design consultant, points to his "technique of texturing silver as well as his painstaking development of a method of producing translucent enamels". She feels sure that Benney's work, "rooted in 1950s style will stand the test of time for its simplicity and sheer elegance". Fiona McCarthy in her book on British Design since 1880 places him in the tradition of idiosyncratic British designers with a "lavishness thet often verges on the jokey".

Some of his early work, as befits a young designer, did indeed display an exuberant delight in new techniques that was not always happily integrated into the total design. But his later work is often of great refinement and almost exquisite simplicity.

Almost all his work has been done to special commission so that these days his grand ceremonial pieces, his silver goblets and cutlery, his vases and candlesticks, reside in grand City offices, in privileged private homes and in museums. The Goldsmiths Company has a large collection of his work as does the Victoria & Albert Museum.

Though many of his smaller pieces are eminently suited to a domestic setting (look at the simplicity of the silver goblets, the desirability of the exquisitely plain salt and pepper pots) too few people seem to think of commissioning a work from as skilled and talented an artist as this. Possibly they are daunted by the unfamiliarity of the process, by the challenge of putting together a coherent brief and by fear of the cost. For all these reasons Benney has decided to open a shop where ranges of more accessible pieces, which people can look at, pick up, touch and feel, will be available.

This venture will be largely overseen by his younger son Simon, who has in turn become a silversmith (having won first prize at the Gemological Institute of America in Santa Monica for his pieces) with a special interest in jewellery. So there in the shop, from May 9 onwards, will be a collection of sycamore and silver pieces (trays, coasters, winecoolers), some classically simple polished silver pieces (tea-sets, coffee-sets, trays and goblets) and a collection of cuff-links, thimbles, ear-rings and other jewellery.

A silver thimble will be £52, textured sterling silver cuff links £100, gold ear-rings £168. Prices for the silver and sycamore range will start at £460 for a wine coaster and go up to £870 for a champagne bucket.

The collection of simple domestic pieces is particularly desirable. Many of these pieces would make splendid wedding, christening or anniversary presents. All are made in the Benney workshops, none are mass-produced.

Anybody wanting a special piece, however, will still be able to order one. Above the shop in Walton Street will be a special commissions room where projects can be discussed. And above that will be a working design studio where many of the pieces will be designed.

Benney opens on May 9 at 73 Walton Street, Knightsbridge, London SW3. Anybody unfamiliar with the Benney range and wanting some idea of its scope can telephone 071-589-7002 and ask for the well-illustrated booklets on the silver and/or the jewellery collections.

Silver paper knives with handles of green, blue and white enamel, £495 each

A-Z that is handy in the house

If you have a perfectly up-to-date Filofax and never lose any of those useful addresses that people thrust into your hand at parties, then no doubt you can survive without The World of Interiors Decorating Directories.

For the rest of us I foresee that these directories will be a useful prop through those times that register highly on the stress meter – moving house, having the builders in, deciding what colour to paint the kitchen. Insider information always appeals and these directories list the names, addresses and telephone numbers of The World of Interiors' favourite companies: the suppliers of recherché cornices, old-fashioned herbs, antiqued garden pots, painted tôle ware, wrought-iron curtain rails and everything else the efficient householder might one day conceivably need to know.

The directories are free – the first part (A to F for fabrics) came out with the April issue. To get a back copy you should get in touch with The World of Interiors itself (tel: 071-351-5177). For the second part (F, for Finishing Touches to Z) all you need to do is buy the May issue (£2.80, out last Thursday) for your free copy will come with it.

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Fired Earth, largely known for its ceramic and terracotta flooring, is offering a collection of alternative floor coverings. Homing in strongly on the fashion for earthy natural looks, for a touch of ethnic and eco-chic, it calls its range Grass Roots and declares it to be Easy on the Eye (which it most certainly is) and Easy on the Planet (on which matter it is harder to pronounce).

All its flooring coverings are woven from 100 per cent renewable plant fibre which may sound awfully new and politically correct but which really means it is offering our old friends sisal, hemp, jute and coir. They have, to my mind, always been attractive and always will be, but it is reassuring to learn that coir replaces itself in a mere 90 days.

All these natural fibres are hard-wearing, all are attractive to look at, the irregularity of the colouring and the roughness of the weave only adding to their charm.

Some of these floorings come from British sources – such as the handwoven rush matting from Rousham – others, such as the jute, from far-flung estates. They come in different weaves, colours and textures but all can be fitted, or there are rugs which can be loose laid or come edged and braided. An underlay is recommended both for comfort and to add to its life.

An installation service is offered and there is a splendid brochure (tel: 0295-812088 for a copy) with close-up pictures of the weaves and the colours. For those who wonder what the finished product will look like in situ, Fired Earth offers to send three samples, free of charge, so that colour and textured can be compared.

You can either collect the floor covering from Fired Earth's Oxfordshire warehouse or, for a small charge, it will be delivered to your door. Prices range from £8.18 to £25.26 per square yard.

Still in ethnic mood, the Natural Floorcoverings brochure always offers a selection of hand-woven tribal rugs and kelims, all of which (not, as the brochure points out, entirely coincidentally) team up extremely well with the other natural floor-coverings range and with the original terracotta and unglazed floor tiles.

L v d P

Bags of fashion

What does it take for a handbag to move from the mundane world of the merely useful to cult status? What is the mysterious ingredient that makes one bag internationally desired while its near relation, which seems identical, languishes on the arms of the unfashionable? We know that quality comes into it, but so, too, does clever design.

But above all, there is a mysterious ingredient that nobody can explain, that drives otherwise sane women to plunge into debt merely for a few scraps of fashionable leather.

Cult handbags can come at all prices – from the Kelly bag (£1,850 for small calf and three months waiting – after that as prices rise so does the length of the waiting list) to the Hervé Chapelier at under £50. They can be French (Chanel, Hermés, Louis Vuitton); they can be true Brit (Bill Amberg, Anya Hindmarch), they can be Italian (Gucci, Prada, Bottega Veneta) or transatlantic (Judith Leiber).

Some cult handbags retain their status for many years – others move in and out of fashion as tastes change. Here, for the summer, are just a few of the most fashionable handbags around.

■ Hervé Chapelier is the big name among the young and hip. It has much of the cachet of Prada and costs a fraction of the price. As a young colleague put it: "After all, what is Prada at the end of the day but a bit of nylon?" Hervé Chapelier, too, is just a bit of nylon but a very fashionable *and* a very practical bit of nylon. The bags first became a vogue in France when Hervé Chapelier started importing a line of duffel bags from Los Angeles. These were very successful but it is the tote bag collection (photographed here) that really took Hervé Chapelier to cult status – every hip young French student needed them in every size, for school, for carrying togs to the gym, bikinis to the beach, notebooks to work. Carried by people such as Kylie Minogue, Ronit Zilkha (the dress designer), Edina in Absolutely Fabulous, Zoe Wanamaker and Alain Prost – the bags are used by men and women alike. For those who like something smarter there are version in suede and leather but the classic, signature design is the tote bag. In six different sizes and masses of different colour combinations, the price ranges from £12 for a small purse to £40 for the larger "cabas". Rucksacks (still very popular) are £55. For those who are addicted to relaxed briefcases (the sort that do not send out loud messages about the importance of the carrier) there is a handy nylon briefcase. The range is sold in Harrods of Knightsbridge, Heals of Tottenham Court Road, London W1, Moon in Glasgow, Troon in Cambridge, Sage in Old Amersham Bucks, and Graham & Green of 4-7 Elgin Crescent, London W11.

■ Do not worry if you do not yet own a Bottega Veneta handbag. Until recently it has been very difficult to do so in the UK. A small, family-owned company based in the Veneto, Bottega Veneta has some of the most delicious small handbags around. Fashionable women who travel have been seeking them out in Italy, France or America but it was not until last October that Harvey Nichols of Knightsbridge began to stock a few in their ground floor handbag department – so successful has it been that last week a big new concession entirely given over to Bottega Veneta was opened.

The handbags' chief hallmarks are exquisitely fine leather, often woven (the pillow bag is its all-time best-seller and a small version costs £255, the large one £375), the almost obsessive lack of gilt, and delicious touches such as beautifully braided handles and tassle-pulls. The evening bags are especially desirable but for those who, like me, are congenitally unable to organise their life without something as large as a carrier bag to rummage in, there is the famous drawstring bucket at £525 which should do nicely.

The black woven leather handbag photographed here is typical of the Bottega Veneta look – coming in later in the summer it will sell for about £500.

For summer there is a hemp (hemp, you will have gathered, is about as smart a colour as you can get this summer) version of the pillow bag that will sell for £150.

■ Cult carriers have, for a long time, been slicked-up, smartened-up versions of the rucksack or carry-all. Almost every smart name from Gucci and Chanel to Mulberry, Etienne, Aigner and Mulberry has done a version of the ruck-sack. Every model seems to have one (which is worn on just one shoulder, *never* two) and besides being modish they are very practical, solving the career girl's problem of how to carry her life around with her without ending up on the osteopath's couch. As the years go by, companies take up the original design, dust it down and freshen it up – this year has produced the hold-all in a slightly rougher, pale, back-to-nature, eco-conscious look. Made by Desmo of Florence in cream suede, it has masses of pockets and is £185 at Harrods.

FASHION

Are you going to look pure and wicked?

Viscose dress, £100; embroidered vest, £100; jacket, £180; all by Ghost from Whistles, Liberty, Regent Street, London W1; Brown Thomas of Dublin;and Willys of Exeter. Hat, £35, from Herbert Johnson. Shoes, £189, from Robert Clergerie, Wigmore Street, London W1

You can choose any colour this summer, so long as it's white, says ***Avril Groom***

White is the universal symbol of purity, hope, new beginnings and, in some cultures, denotes the spirituality of mourning. In spite of its innocent appeal, white is wickedly difficult to wear, much harder, for example, than black. Just a touch of it adds charm or drama – the collar of a white shirt, for example, or Chanel's white camellia on a black velvet bow.

One of this summer's main colours is white, the most pure and extreme result of fashion's swing from over-ornate power dressing and heavy black layers. Shops are already awash with white clothes so we are going to have to make the best of it.

Let us start with the bad points. White is a killer for any but the most positive or tanned complexions, draining the face of life. This is fine for wan catwalk waifs: not so good if you want to look normal.

White summer fabrics inevitably look flimsy, even unintentionally transparent. The corollary of this is that, unless carefully styled, white can look cheap – and white high-heeled shoes cheaper than anything, in spite of Karl Lagerfeld's efforts to promote them. And, most important of all, white is impractical because it is always in the laundry.

But white has good points which make it irresistible for summer, especially in the airily-layered forms of fashion. The spirit which inspired pale colonial linens and still, to some extent, governs sports clothes, makes white the obvious choice on mirage-shimmering, bee-humming summer days.

It seemed natural in our photographic location, the South African vineyard of Klein Constantia at harvest-time, where it complemented the white Cape Dutch buildings and contrasted with the lush, dark green trees and vines.

But try to think further than the now-hackneyed long, white colonial dress. Issey Miyake said it all when he put on the catwalk a bunch of gently-whirling dancers, showing to best advantage the lightest of crushed silk layers in loose, simple shapes.

The trick is to create the illusion of light passing through gauzy fabric without attracting the ghastly description "see-through".

You do this by building layers of extremely fine material. Two layers of even the flimsiest chiffon are a lot more opaque than one. The top layer – be it a linen gauze shirt or a cobwebby knit – is left loose enough to play the trick of the light but you need to build on an unobtrusive base.

Nothing cheapens white so much as the cut line of a bra or slip. Instead, choose a plain, flat-strapped crop-top (white or flesh-coloured, by Jockey or Knickerbox) or a plain sports bra – Berlei does one that looks like a crop-top with built-in cups, which has matching high-cut briefs in white or flesh. This shows through like a singlet rather than underwear. Alternatively, Marks and Spencer's new Body Shapers range of flat-strapped bras and briefs has four skin tones and is well-nigh invisible, as is Gossard's Glossies bra.

Fabric is another area in which Miyake shows the way. Avoid tailored white. Choose fabrics that go from washing to wearing in one easy movement. This summer's crinkled finishes, inspired by Miyake's geometrically crushed silk and man-made Pleats Please range are ideal for packing and ease of care. Weighty, drapy viscose also hangs out well, especially as knit.

These fabrics are also soft enough to flow around the body, counteracting white's weight-adding properties. And to beat its complexion-deadening ability, choose its kinder sister, Ivory. Either looks good with a light tan and minimal make-up. Paler faces need colouring carefully to add life but not overwhelm the fragility of near-white clothes.

Dior's Couleurs du Temps range gets it right with its Desert Landscape five-colour palette of warm, earth-toned eyeshadows or the pearly rose, slate and honey shades of Sands and Sandstone. These are warmed with a slightly pink-toned blusher, Rose Atlas, and a pearly natural pink (Desert Pearls) or pale pink-beige (Gobi Moon) lipstick. Nina Ricci Les Orchidées two-tone blusher has a slightly tanned, sunkissed tone that ties in with their Les Sepias number 13 lipstick.

The same subtlety should be applied to accessories. New white style needs minimal jewellery, perhaps just a smidgeon of silver, though tiny pieces in matt gold go better with warmer ivory. Metallic shoes give a lift to all-over white, provided they are plain, flat sandals. Otherwise, choose cream or beige suede or fabric shoes, or tan sandals for an informal look.

White had a bad name in the 1980s for being the natural partner to a mahogany tan, bright red lips and jangly gilt jewellery. Think of a style that is the diametric opposite and you will find white is also right for the 1990s.

Hair, make-up: Richard Wilkinson
Pictures: Tony Boase

The Weekend FT fashion team travelled with South African Airways. Return fares to Cape Town from £590.

Cobwebby rayon knit tunic, £289, linen gauze tunic dress, £340, slip dress, £289, all by Flyte Ostell from: Liberty; A la Mode, Hans Crescent, SW1; Browns, South Molton Street, W1; and Body Basic, of Richmond, Surrey

FOOD AND DRINK

Bargains for under £3 a bottle

***Jancis Robinson** finds some pleasant surprises among a new crop of wines for skinflints*

The difference in quality between the world's cheapest and most expensive wines is narrowing as the wine world shrinks and winemaking techniques and technology are no longer geographically segregated.

It is still impossible to find truly exciting wine for under £3 a bottle, but relatively easy to find a bargain, particularly in today's cut-throat high street wine market – and especially at this time of year when last year's crop is tasting freshest. Independents cannot beat the supermarkets and chains for snips such as these light, but fault-free wines.

Wines marked WF are available only in selected stores during Safeway's five-week wine fair from Monday.

Readers close to a branch of Kwiksave supermarkets should also try to benefit from the chain's conversion to wine quality.

APERITIF: Waitrose Pale Dry Montilla. £2.99. Beautifully labelled, ludicrously-underpriced, soft, fresh, relation to Fino sherry.

DRY WHITES: Magyar Vineyards. 1993. £2.19. WF. All the fire of Hungary's own grape varieties, stoked by the flying winemaking skills of the Hugh Ryman brigade.

Vin de Pays du Jardin de la France 1993. £2.39. WF. Particularly successful bottling of Loire Chenin Blanc given pizzazz by skin contact and malolactic fermentation, bottled by an enterprising Muscadet merchant.

Vino de la Tierra Blanco. £2.59. Sainsbury's. Scented, lively Spanish riposte to Vin de Pays made by Australian Peter Bright.

Sicilian Bianco. £2.69. Asda. Apple-fresh, (July-picked?) quintessentially party wine from the well-equipped winery which used to provide Seagram's Tonino brand.

Sainsbury's Argentine Torrontes. £2.85. Reduced from £3.49, because the name, and possibly style, of this perfumed yet racy grape variety is so unfamiliar.

Van Riebeeck Cape Dry White. 1993. £2.99. Waitrose. One feels this should be a 1994 Nouveau in honour of the birth of the new South Africa, but this blend is full-bodied, creditable, with a slightly hot finish.

Country Cellars Tuscan Dry White. 1993. £2.99. WF. Fizzy but much fruitier than Trebbianos made by Italians rather than an antipodean like Kym Milne.

Bulgarian Chardonnay. £2.99. Sainsbury's. Kym Milne again, fashioning a thoroughly modern, crisp, if reasonably insubstantial wine for those who must have Chardonnay.

Bordeaux Sauvignon. 1993. £2.99. Waitrose. Powerful, spritzy, not aggressively aromatic. Good value from Calvet.

REDS: Valhondo. 1993. £1.99. Safeway. Lively, peppery, insubstantial but impressively scented. Could easily be chilled. The white version is also worthwhile, especially at this price.

Hungarian Cabernet Sauvignon. 1993. £2.69. Ripe, soft, red-that-happens-to-be-called Cabernet.

Vino de la Tierra Tinto. £2.75. Sainsbury's. Lively, chewy, light, chillable red version of the Blanco above.

Domaine de Beaufort Minervois. 1992. £2.99. Tesco. A year-old French appellation contrôlée wine for under £3? Not one of the country's greatest glories, but a respectable claret-like red.

Uvas del Sol Argentinian (sic) Red. £2.99. Tesco. Another Argentine bargain, reduced to sell. Big, full-blown wine from an obviously hot climate.

Asda Leon. 1986. £2.99. Ridiculous price for a mature wine aged in small oak barrels. Spicy, full bodied and long. Not for the faint hearted.

SWEET WHITE: Glenloth Late Harvest Muscat. 1992. £3.99. Oddbins. Unashamed of its heady sweetness, this Australian cries out to be chilled.

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A High Court ruling last week signals a new and more secure era for fine wine collectors. An action group of customers of the defunct wine merchant Ellis, Son & Vidler has managed to wrest its fine wine reserves from the receivers, even though, contrary to the demands of a previous ruling concerning the London Wine Company, individual cases of wine were not marked with their owner's name. The key, according to solicitors acting on behalf of the wine buyers, was that customers' reserves were stored (physically) separately from the trading stock, and the reserves, and owner, were correctly identified in the merchant's records. Oxbridge colleges were among the more significant immediate beneficiaries of this ruling, affecting about 1,200 cases of fine wine, but I can think of hundreds of wine enthusiasts who should sleep a little easier now.

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Oddbins is offering some extremely fine burgundies from the lauded 1992 vintage for whites and the underrated 1991 reds. It is a sign of the times that the likes of Louis Carillon, of Puligny-Montrachet, Domaine de l'Arlot, of Nuits-St-Georges and Jean-Marc Boillot, of Pommard, are keen to sell to a British high street chain (the first two also sell to the Thresher group). Stars at a recent tasting included two Albert Morey 1992 premier cru Chassagnes at £15.99 and £17.99; the entire 1992 Carillon range at £14.99 to £19.99; Domaine de l'Arlot Nuits-St Georges 1991 at £11.99; and Boillot's premier cru Volnay Carelle at £19.99 from the great 1990 vintage.

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At about the same time as Britain's wine merchants were reading spoof information in the wine trade weekly about my latest book, the *Dow's Port Scratch 'n' Sniff Tasting Book* (its best joke was to describe me as "one of the most respected names in the Port Wine Trade"), I was being taken in by another April fool: Farr Vintners' offer of an entirely mythical white wine made at Ch Latour, mentioned in last Weekend's FT. How could I be so gullible?

My feeble defence is that just such a scheme was apparently given serious consideration during the administrative reign of Allied's man, David Orr. Since the British brewer sold this Bordeaux first-growth back into French hands, Orr has moved on to Ch Rausan-Ségla, originally considered finest of the second-growths and recently acquired by independent couture house Chanel, which was beaten to Latour only at the last minute by François Pinault, owner of Printemps stores and much else.

It's the cask that counts

For the lucky few who penetrate the headquarters of Norway's hypersensitive drinks' monopoly in Oslo, there is the chance to meet Halvor Heuch, the ebullient production manager.

Heuch's job is to make excellent cask-aged aquavits. In his spare time he conducts experiments with oak. One he showed me demonstrated how much influence a second-hand cask can have over the spirit which takes it over.

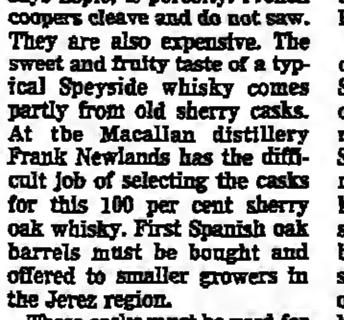
He had aged two samples of plain ethyl alcohol, one in an old Limousin cognac barrel and the other in an old Jerez brandy cask. In the former, the spirit had picked up a light cognac character; in the Jeresano the alcohol had developed a big, fruity, brandy taste which was all the more remarkable given that the brewage has never been anywhere near a grape.

Across the North Sea, in Scotland, there is a similar interest in the properties of casks. Modern whisky relies entirely on second-hand barrels: chiefly old bourbon whisky casks and reused bourbon staves from the US, plus a small amount of sherry oak from Spain. In the case of bourbon oak, quality has declined over the past few years causing alarm in the whisky business; in Jerez the sherry producers have modernised production and have less need of the sort of casks sought by whisky makers.

On a visit to a cooperage in Kentucky I was astonished to see that reeds are no longer used to bind the casks. The leakiness which I saw in local distilleries must have been a direct result. The reeds have been eliminated in the interests of cost-cutting; but that is a minor drawback when it comes to the modern bourbon cask.

George Esple, of Scotland's Clyde Cooperage, says the casks he is getting today are often made from wood which has been kiln-dried rather than seasoned, or dried in the open air for a minimum of two years. American coopers are also cutting fast-growing oaks rather than the slower sorts preferred by distillers.

Instead of entomatically accepting the consignments which come from America, Scottish distillers are now examining other possibilities. At Glenmorangie distillery, on the Dornoch Firth, they have been selecting casks at the Kentucky cooperages and monitoring their development in bourbon warehouses. They have also experimented with ageing bourbon in Scotland. For George Esple the solution may be more drastic. He is interested in cutting out the bourbon stage altogether and ageing whisky in new American white oak casks.



This would be a departure from post-war tradition, but Espie reminded me that before the war there was no bourbon wood and, apart from the second-hand sherry, port and wine casks so eagerly recycled by the thrifty Scots, the industry used English oak casks which were raised in Scotland. Since the war the coopering business in these islands has dwindled to little more than rebuilding and repairing; so we can no longer hope for whiskies with hearts of English oak.

Nor is it true that European oak – the oak used in old-fashioned sherry casks – is unsuitable for whisky. The problem, says Esple, is porosity: French coopers cleave and do not saw. They are also expensive. The sweet and fruity taste of a typical Speyside whisky comes partly from old sherry casks. At the Macallan distillery Frank Newlands has the difficult job of selecting the casks for this 100 per cent sherry oak whisky. First Spanish oak barrels must be bought and offered to smaller growers in the Jerez region.

These casks must be used for one or two fermentations before ageing dry oloroso sherry.

Now that the larger sherry houses have ceased to ferment their wine in oak it has become harder and harder to ensure an adequate supply of these casks. Espie reckons that every Spanish oak cask made in the past 10 years was paid for by the Scotch whisky business.

Different houses have different solutions on how to maintain the right oak treatment for whisky without paying the earth. United Distillers has conducted successful experiments by treating American oak casks with specially imported sherry-style wines: Pajarete and Montilla. Lang's, in Glasgow, is the producer of Lang's Supreme blended whisky and Glengoyne, an elegant and slightly sweet malt from the southern Highlands.

The company was able to show me a range of experiments with sherry casks which would have struck an instant chord with those conducted by Halvor Heuch in Oslo.

The experiments are designed to see to what extent Spanish-coopered American oak casks can be used to replace the almost-extinct Spanish oak casks in whisky maturation. The oldest whiskies treated this way are now seven years old. Some had been housed in casks in which sherry had been fermented, others simply in casks which had aged dry or sweet oloroso.

The whisky for the American casks was far paler and more buttery. From a cask where no wine had fermented the whisky had a really toasty "chardonnay malt" character.

The Spanish oak whiskies were dark and markedly fruity. The wood seemed to affect the whiskies far more than the fact that the cask had contained a little sweet wine as well as dry oloroso.

American oak simply did not have the same effect. It is not a conclusion that can bring much comfort to malt whisky producers who rely on the rich, fruity flavours derived from Spanish sherry casks.

Giles MacDonogh

Cricket/Teresa McLean

County boundaries

There was a tims when county meant as much as country to young cricketers. Even such a patrician figure as the fourth Lord Harris, born to lead Oxford University, Kent, England and MCC with equal ease, was always a formidable Kentishman.

Besides financing the county'a cricket for half a century, he played his first gams for them in 1875, when he was still at school, and his last against All India in 1911, when he was 60, the oldest man who has ever played first class cricket in England. He was captain of Kent from 1875-89 and chairman for 45 years, 1886-1931.

Those were the days of colossi in cricket. These are the days of committees and I do not know whether I was surprised to hear so many officials assuring me that their counties thought of themselves not just as teams full of team spirit but also as counties full of county spirit.

Middlesex, which no longer exists as a county in public life and which had always seemed to me in cricket life as no more than Greater London north of the Thames, insisted that all their members had a strong sense of county identity. Even John Emburey, born in Peckham, south of the river, has long since naturalised as a cricketer north of it.

Middlessx's secretary, John Hardstaff, was sure thet much of this feeling came from their rivalry with Surrey. The squad does have a fair number of players who come from Middlesex, including captain Mike Gatting, vice-captain John Carr, Keith Brown, Phil Tufnell, Mark Feltham and Mark Ramprakash. But outsiders too, such as West Indian bowler Neil Williams, often stay a long time. With a cricket market-place trading keenly in players, that is no mean achievement.

"We look after our players," Hardstaff explained comfortably. Of the county spokesmen I talked to, he was the only one who spoke honestly about the problems of re-adjustment for county players returning from Test matches. Everyone else was too positive to be true, only mentioning the chance that Test calls give young and second XI players to play in top class games.

Hardstaff sighed with sympathy for Tufnell, Ramprakash and Angus Fraser, just back from Test service in the West Indies. "I don't know how they motivate themselves when they get back. I often wonder how they do it. Imagine playing in the heat and sun, photographed all the time, and then coming back to a damp day at Uxbridge..."

Fame, glamour, travel, media and money combine to emphasise personal rather than team achievement and attract players beyond the quiet limits of county cricket. Alan Ealham, Kent's director of youth coaching, lamented the way this had changed in the last 15 years or so. Lord Harris would have been prond of his devotion to his county.

"As a kid I had always wanted to play for Kent. I never thought of playing for England. Kent was the height of my ambition."

Kent is a county with a rich sense of tradition and of a history studded with grand old men, from Harris to Colin Cowdrey. Ealham described Cowdrey as "a father figure in the golden days of the 1970s. Ws all played round him".

Ealham was made captain of Kent in 1978 and, though summarily, and some would say unfairly, removed from the job two years later, he has remained a stalwart of Kent cricket. His son Mark is a county batsman and bowler. Ealham enjoys his coaching job. He is pleased that a lot of Kent's squad is home-grown, encouraging its programme of teaching and recruitment to "keep re-vamping and keep going".

Yorkshire cricketers have spent the winter in schools, talking about cricket, but they need more money to do it in a big way, director of cricket Steve Oldham told me with an air of exhaustion.

Still, more counties are trying to "fly the flag" more widely, to interest people in the game. Lancashire are famous for their scouting and league system and they organise training and festivals for all age groups from under 13 upwards. "We get our hands on our boys early," I was told.

Lancashire's problem lies more in hanging on to talent than producing it in the first place. The county is not alone. How can a county make itself attractive in the long term? Everyone I spoke to was convinced that success breeds success. If you win, people support you, rather than the other way round.

Glamorgan can afford to laugh a bit at that, following a rise last year above the mire of habitual failure: from 14th to third in the county championship; winners of Sundays' AXA Equity and Law League; semi-finalists in the NatWest Trophy, with passionate support in all events.

Leicestershire, in a grim patch at present, want to do something similar and have followed Glamorgan's lead in reducing their membership fee, (down to £15 at Glamorgan, £20 at Leicester), thereby sharply increasing the number of members.

They are an odd lot in Leicestershire. Captain Nigel Briers is pretty well the only team member from Leicestershire. Last year's overseas player, Winston Benjamin, was thonght to be playing only half-heartedly, like most of the team. He has been replaced by Phil Simmons.

Tony Norman was appointed chief executive. Norman is a businessman, not a cricketer, and believes that Leicestershire must build county spirit by cashing in on Leicester's recent rugby success. Leicestershire staff I asked about this enjoyed being iconoclastic. "Ws haven't got any county spirit. We're a collection of individuals. Always have been."

"What about the idea of joining up with the rugby and football clubs to make Leicester seem successful?"

"Yes. They're keen on that. They've organised a few quizes and games. But not cricket games."

"Is there much local rivalry with Northamptonshire?"

"A little bit. Not much. Not worth it."

"What's the secret of being a successful county?"

"Winning."

Leicestershire need to find a new, stable system of management, as do several other counties, such as Yorkshire. The main thing to remember is that the only point of county cricket management is to enable players to do their best for a county they consider their home.

Local boy: John Carr, vice-captain of Middlesex, comes from St John's Wood, close to the county's Lord's ground Adrian Neall

Eventing/Keith Wheatley

Expensive horses for the big courses

Ginny Elliot (formerly Leng) was pessimistic about Badminton even before minor injuries to her two entries, Welton Houdini and Romance, forced her to pull out of next weekend's competition. Since the withdrawal of her sponsor, Citibank, Elliot's chances of a fourth Badminton win were already tinged with financial worries.

"I'm very close to having to sell one of my top horses," she said. She has always managed to avoid this crisis, but other top riders such as Mark Todd and Ian Stark have already found it the only way to meet their competition overheads.

Mary Thomson, winner of the 1992 Badminton horse trials on King William, is another international eventer with money worries. Gill Robinson, her personal patron is pulling out for business reasons. One of Thomson's seven eventers, probably King Basil, may soon be on the market. "There are very few riders this season with major sponsors," said Thomson. "A couple of years ago companies were willing to underwrite a string of horses."

Recession, said Thomson, made them withdraw. However, since it may take four or five years to bring on a top horse, the competitors are committed to the quality animals they took on in better times.

Vicki Latta, the New Zealand lawyer who uses her legal work to fund herself as an amateur at the top of the European tree, has also reached the end of the financial road.

"Most of my assets, except the horses, have been sold," said Latta. Her magnificent gelding, Chief, won a record £13,000 in eventing prize money during the 1992 season, which probably just about paid his running costs. In contrast, the renowned showjumper Milton has several times won more than £250,000 in a season.

Sentiment is not the principal barrier to a rider selling a top horse. Cross country courses are dangerous places. Deaths (human and equine) at the big fences have increased. Horse and rider need years to build the mutnal confidence needed to tackle tracks such as Burleigh and Badminton. One can sell the horse but not that relationship. Hence the small market in outstanding eventers. When they are sold for serious money it is usually to countries such as Italy and Spain, where prestige is a considerable factor in any purchase.

Yet horse trials have never been more popular with both competitors and the public. A British stately home is hardly worth the label these days without a three-day-event in the park. Upwards of 250,000 spectators are expected for the four days of Badminton.

While the bulk of the audience will line the 4.25 miles and 29 fences of Saturday's cross-country course, dressage is proving increasingly popular and attracting large, enthusiastic crowds on Thursday and Friday. Although the total prize fund of £20,000, put up by Mitsubishi, sponsors of Badminton, is the biggest in the sport, it seems tiny in relation to the size of the event and the cost of participation.

"People are more turned on by sport when there is really big prize money involved," said Elliot. "It creates hype and media interest, which in turn pulls in the backers we need to keep going."

At one-day events, the grass roots of the sport, stars such as Thomson and Elliot win their personal spurs and train their novice horses. Entry lists which used to be a dozen or so are closer to a hundred. But much of the commercial infrastructure remains in the past.

"I went to an event in Buckinghamshire last week," said Thomson. "I paid two entry fees of £27 and £5 and then won quite a big section with a prize of £32."

If Thomson had not had her massive horsebox sponsored, then just the trip to the competition would have left her hugely out of pocket. These are not isolated problems suffered by a few stars. In the bars and stable yards at Badminton, this will be the main topic of conversation among the competitors.

The final stage of any three-day event is the showjumping section. In private, few event-riders have much time for the Hollywood world of indoor jumping, yet financially it goes from strength to strength, bolstered by interest in continental Europe. It may be that with its background of cavalry training and foxhunting, the world of horse trials is too idiosyncratic to fit into the modern corporate milieu.

The Audi A8 4.2 quattro. Uniquely for a big luxury saloon, it has permanently engaged four-wheel drive

Motoring

Audi breaks the mould

*The A8's conservative styling disguises its many technological treats. **Stuart Marshall** takes it for a drive on the autobahn and finds it quiet and nimble*

Audi's new 4.2-litre V8 engined A8 luxury car breaks a number of moulds. Its structure is entirely of light alloy, not the usual pressed ateel. It is neither front nor rear-wheel driven but a quattro – the 300 horsepower 4.2-litre V8 engine drives all four wheels.

The transmission is Tiptronic, like that fitted to the Porsche 911 Carrera I enthused about two weeks ago. A driver may treat it as fully automatic or use it as a four-speed manual gearbox on which clutchless changes are made instantly, under full power if desired.

As if that were not enough, the A8 also has a traction control system. Should the combination of an insensitive right foot and a low grip road surface provoke any of the four driven wheels into losing grip – say when restarting on an icy hill – electronic differential locking stifles wheelspin. The side windows are double glazed; but there is nothing trendy or new fangled about the interior. A typical Jaguar or, for that matter, Bentley owner would feel perfectly at home, cosseted by the soft leather seats and plentiful wood veneer.

From the outside, the A8 driver has little idea what a high-technological treat is in store. There is nothing wrong with the A8's styling, though there is nothing exceptional about it, either. I detected a lot of Audi 100 and overtones of Lexus LS400 – the car, incidentally, that Audi's development engineers used as their benchmark for silence and refinement. (Yes, I know the Lexus is Japanese but it was designed to look uncannily like the result of a coupling between the last Mercedes S-Class and the still current – but only just – BMW 7-Series).

When driving ths A8 in Germany last week it was the silence that impressed me first. Turn the key, and the only clue thet the V8 engine is running is a slight movement of the rev counter needle.

With the Tiptronic selector in antomatic, I headed out of Stuttgart on a mercifully uncrowded autobahn. Slight pressure on the accelerator and the A8 surged forward, the transmission shifting almost imperceptibly until moving into top at around 70mph/112kph. (Andi's claimed 0-62mph/0-100kph in 7.3 seconds should be obtainable on wet or dry roads.) The rustle of wind around the door mirrors at 100 mph/161kph became more noticeabls at 125mph/201kph but only because engine and road-induced tyre noise was minimal. Top speed is a governed 155mph/250kph.

The all-aluminium alloy construction saves weight; the A8 is about 200kg lighter than it would have been if made of steel. Clearly, this helps fuel consumption. A British driver who stays within sight of motorway speed limits and does not spend too much time in city centres or on very short journeys should see around 21-22mpg (13.45-12.84 l/100km).

It has to be said that most big cars feel fine on an autobahn. But the A8, in spite of its size, was exceptionally nimble on country roads. It handled more like a small and sporting car than a full five-seat luxury saloon with a huge boot. One of the benefits of quattro transmission, which spreads engine power among all four wheels, is that a car's balance is unaffected by hard acceleration.

Heavy snow had fallen a few days earlier and was still heaped up by the side of the *schwarzswaldhochstrasse* but, alas, the surface was mainly dry. It would have been interesting to assess the A8's security in arctic conditions. I doubt that any high-performance luxury saloon with only two-wheel drive could match its driving security.

When the A8 V8 reaches Britain in September, it is likely to cost about £46,000. But a 2.8-litre V6 version with front-wheel drive and a choice of five-speed manual or four-speed automatic transmission will be much cheaper. At about £34,000 it will be an ultra-roomy Jaguar alternative, still extraordinarily quiet if not quite as sibilant as the double-glazed V8.

An electronically controlled differential prevents unruliness by curbing wheelspin if one front tyre is on a high grip surface, the other on lower grip, when the driver accelerates. It is not quite so fast as the 4.2-litre – the maximum is 140mph/225kph, a matter of academic interest to most of us – and the automatic is three seconds slower from 0-62mph/100kph than the Tiptronic V8.

The manual gearbox 2.8-litre A8 I drove would be an improbable choice for British business motorists, most of whom sensibly prefer automatics. (Second-hand luxury cars with manual transmission are very hard to sell in Britain). Its V6 engine was silky at high speeds, still smooth in top at low revolutions. Although its 178 horsepower output might seem on the low side for so big a car, the A8's relatively low weight compensates.

Although all Audi dealers in the UK can handle the A8, most of the 400 to 500 cars Audi expects to sell in a full year will be bought from 60 dealerships in metropolitan areas.

Although aluminium space-frame construction demands different repair techniques, Audi says any of its approved bodyshops should be able to handle 90 per cent of accident damaged cars. Only those with severe structural damage will have to go to one of three A8 specialist sites.

CHESS

India's Vishy Anand, 24, won the £110,000 Moscow leg of the Intel Grand Prix this week as he and Russia's Vladimir Kramnik, 18, confirmed their status as the most likely challengers to Gary Kasparov and Anatoly Karpov.

A few weeks ago, the pair fought out first prize in Monaco, and both remain in contention for the International Chess Federation (Fide) and Professional Chess Association world titles.

Kramnik won brilliantly against Kasparov for the second time this year, but Anand won the final 2½-1½ when his passed pawns marched down to queen.

(V. Kramnik, White; V. Anand, Black; Intel Grand Prix, Moscow 1994).

1 Nf3 c5 2 g3 g6 3 Bg2 Bg7 4 0-0 Nc6 5 d3 Nf6 6 e4 0-0 7 Re1 d6 8 Nc3 Bg4 9 h3 Bxf3 10 Bxf3 Rb8 11 Bg2 b5 12 a3 Nd7

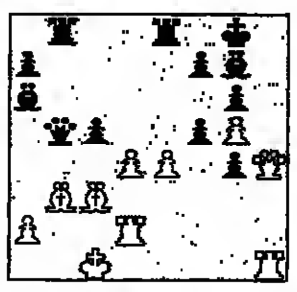
13 e5? A trap (Ndxe5? 14 f4) but 13 f4 is better. Nd4 14 exd6 exd6 15 Nd5 Nb6 16 Ne7+? Trapping his own knight. Kh8 17 Bg5 Qd7 18 Be3 Ne6 19 Nc6 Rbc8 20 d4 White gives up a pawn, since if 20 Na5 Bxb2 21 Ra2 Bc3.

Rxc6 21 d5 Rcc8 22 dxe6 fxe6 23 Bf4 e5 24 Be3 d5 Strategically, the game is decided, although Kramnik struggles for 30 moves until the pawns roll through.

25 b4 d4 26 Bg5 c4 27 Qd2 Qf5 28 h4 Na4 29 Be4 Qf7 30 h5 gxh5 31 Bg2 Nc3 32 Rf1 e4 33 Rae1 Qg6 34 Be7 Rf7 35 Bc5 d3 36 cxd3 cxd3 37 Kh2 h4 38 Qe3 Re8 39 Bd4 Bxd4 40 Qxd4+ Qg7.

41 Qe3 Nd5 42 Qc5 Nf6 43 Bh3 Rg8 44 Qd6 Rc7 45 Rc1 Rxc1 46 Rxc1 hxg3+ 47 fxg3 e3 48 Be6 d2 49 Rg1 Ne4 50 Qf4 e2 51 Bxg8 e1Q 52 Bd5 Qf2+ 53 Qxf2 Nxf2.

54 Resigns.



Chess No. 1019

Viktor Korchnoi v. Alex Huzman, Beersheba 1993. Korchnoi (White, to move) is two pawns down but attacking: what should he play next?

Solution Page XIX

Leonard Barden

BRIDGE

Sometimes, a declarer is faced with a two-way finesse which is just a guess. At other times, the right way is dictated by considerations of safety. Here is a hand from a rubber which explains what I mean:

	N	
	♠ 8 6 5	
	♥ K 10 7 3	
	♦ A 10 4	
	♣ K J 3	
W		E
♠ A K Q J 9		♠ 10 4 3
♥ Q 6 4		♥ –
♦ Q J 9		♦ 8 8 5 3 2
♣ 9 8		♣ Q 10 5 4 2
	S	
	♠ 7 2	
	♥ A J 9 8 5 2	
	♦ K 7	
	♣ A 7 6	

With both sides vulnerabls, South dealt and opened with one heart. West over-called with one spade, North raised to three hearts, and South's four hearts concluded the auction.

West started off with ace and king of spades and the queen was ruffed in hand. Thinking thet West was more likely to be short in hearts, declarer led his five of hearts to the king and East showed out. Forced to concede a trick to the heart queen, Sonth cashed ace of clnbs and tried the knave finesse. East had the queen – one down.

South should realise that he can afford to lose the trump finesse to East becauss East can be end-played and forced to surrender the 10th trick.

South cashes heart ace and East shows out. West's queen is picked up and there is no further problem. If East bolds tbs three bearts, declarer cashes the king, eliminates the diamonds and throws in East with a trump to his queen. He is forced to lead into the club tenace or concede the ruff discard.

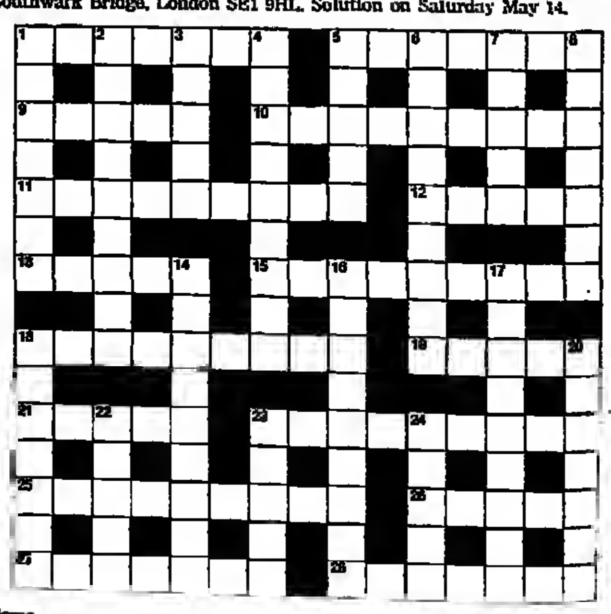
■ Derek Rimington has designed a scoring table for rubber bridge in a summary entitled Type-Acol Bidding Guide. This excellent summary covers opening bids, responses, re-bids and defensive bidding, and costs £2 plus postage. Apply to A L Fleming, rear of 12 Salisbury Road, Beckenham, Kent (tel: 081-650 0350).

E.P.C. Cotter

CROSSWORD

No. 8,442 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday May 11, marked Crossword 8,442 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday May 14.



Name

Address

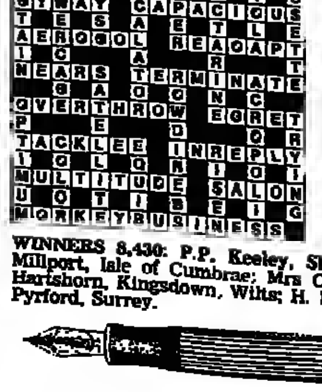
ACROSS

1 Arrived in oumbers at Arthur's court (7)
5 Give a name to debts? I'm not sure (7)
9 Scottish stream and English lake? (5)
10 In Latin almost nine letters almost makes small book (a)
11 Richard's put out on the rail (4-5)
12 Coin taken from French pet (5)
13 Outstandingly arrogant? (5)
15 Copper, maybe – in Strine, cop (9)
1a Stars that are pregnant have babies (5,4)
19 Quickly read a page and doo't do it properly (5)
21 Literary gun takes part of island (5)
23 Long journey – £1,000 to ancient city (5,4)
25 Bailiff finds England at variance (4,5)
26 (C) (major being different from minor) (5)
27, 28 Dictionary has single matter involved with mother fixation (7,7)

DOWN

1 Flower to frighten fielder (7)
2 Timekeeper came across opposition in capital (9)
3 Stagger into difficult state (5)
4 Return thanks under canvas? I have? I'm not sure (9)
5 Mark about four, for small part of course (5)
6 Queen takes in everything for drawer: she'll wear this for the dance (4,5)
7 What enables a watch to stop ticking? (5)
a Protection for Shetland sheepdog I left by river (7)
14 A cricket match in bad weather? This will say when (4,5)
16 Mockingly scornful of Catholic taking wine in bag (9)
17 Having three terms in case there's no road (9)
18 I cover up the royal sign for an astronomer (7)
20 Show tailless beast, strange but true? (7)
22 Pale edition, not waxed (5)
23 Think in tongues, softly (5)
24 Trade union leaders break barrier as given (5)

Solution 8,441



Solution 8,430

WINNERS 8,430: P.P. Keeley, Skerries, Co Dublin; Norma Boyle, Millport, Isle of Cumbrae; Mrs C.M. Grimshaw, Rawdon, Leeds; J. Harlsborn, Kingsdown, Wilts; H. Pender, London SW1; J. Robertson, Pyrford, Surrey.

Hotel file / Michael Thompson-Noel

The gamble on hospitality

Choice of hotel is arguably the most important element of a hotel holiday – even more important, I often think, than choice of country. How can you *know* that the hotel you choose will be precisely to your liking: well-located, peaceful (or lively – requirements vary), comfortable, good value, and run by people who can spell "hospitality"?

You cannot. Staying in a hotel you do not know is nearly always a gamble.

Friends can help. Those familiar with your tastes and foibles can be extremely useful. Ditto travel agents you can trust. Travel is their business. They junket extensively, gathering up-to-date intelligence – so make them swear, on the brochure they are waving, that the holiday they want to sell you is one they would buy themselves if they hadn't enjoyed a freebie.

Brochures can be tricky. Study them carefully, especially the pictures. Ignore the puffery and try to imagine yourself staying in that hotel. Think about its location and facilities, let alone the rate. If the only picture of it in the brochure shows half a swimming pool or a chef waving a fork, avoid it. The pictures should reveal as much as possible, especially the bedrooms.

At Easter, I stayed in the Forte Village, south-east Sardinia, which was built in 1971. From the four-page spread devoted to it in the Italian Escapades brochure, you get the impression that the village is huge; that it is proud of its food; that it caters especially to those interested in sports and fitness; and that it is ideal for children.

All quite true. It *is* huge – 55 acres, three hotels, 438 bungalows, numerous restaurants, extensive sports facilities (including 17 tennis courts) and a health and beauty centre, the Terme del Parco. The food *was* good. The village *is* ideal for children, although an expert on the subject told me she was unimpressed with the facilities for very young ones; and the Hotel Castello, in which I stayed, *is* well managed.

But the village wasn't *me*. I found it dull (it had just opened for the season, so was barely into its stride); isolated (but not if I had had a hire car – I forgot my licence); and far too big and rambly for its own good. Nor is it really serious about its sport. If you want sport, go to Club Med, or to a genuine sports ranch. At times, Forte Village hosts big corporate conferences, so you would have to trust to luck that you were not suddenly surrounded by jabbering conference-goers.

Nor is the village cheap. Italian Escapades says that its holidays at Forte Village start from £649 per person per week (September 1994 price) for a twin-bedded bungalow, breakfast, dinner, return direct flight to Cagliari, and transfers between airport and village. Sports facilities are included (not water-sports, golf or horse riding, which are available at extra cost), while entry to the health centre costs about £38 a day. The company adds that the price for staying in the village's Hotel Pineta or Hotel Castello starts at £698 per person per week.

Those prices are attractive. But you need to study the brochure to see that they relate to two short periods: May 20 to June 3, and September 24 to October 7. In between, prices lurch far higher.

In the peak period, July 23-August 19, a twin-bedded room with sea view in the Hotel Castello costs £181 per person per night, plus flight (charter: £199 return) and transfer from the airport (£40 return *a head*). Pretty steamy. At Easter, England football star Paul Gascoigne holidayed at Forte Village, which probably says it all.

On the other hand, the Italian Escapades brochure is a mightily useful document: 168 pages covering a wide range of hotels. From studying it – especially the pictures, and the clues they offer about locations and bedrooms – I am 96½ per cent confident that I would be more than happy in quite a few of them. In each case, Italian Escapades quotes chartered and scheduled air fares as separate items. You can book accommodation only. You can also fly to one airport and return from another.

Italian Escapades: 227 Shepherds Bush Road, London W6 7AS. Tel:081-748-999. Forte Hotels: 0345-404-040.

■ A famously agreeable hotel is Reid's Hotel, Madeira. It has almost everything: cliff-top location just outside Funchal, excellent food, good staff and marvellous gardens. Among other events, Reid's is organising its first opera festival this year on July 26-27. Cost: £887 a person including seven nights in the hotel, a reception, and two operas and barbecues. Flights are extra. UK reservations: 0256-841 155.

In the same ownership as Reid's are two first-rate English country house hotels: Charingworth Manor, near Chipping Campden, Gloucestershire, and Bishopstrow House, Warminster, Wiltshire. They are chips off the Reid block.

There is a type of English country house hotel – ultra-luxurious, ultra-expensive – that specialises in frigidity: so posh and conceited that guests feel obliged to whisper and tiptoe and dare not blow their noses, not even in the shrubbery.

Charingworth Manor and Bishopstrow House are not like that. I found both extremely comfortable, enjoyed the food greatly, and was impressed by their facilities (each, for example, has a fine indoor swimming pool).

Above all, thanks to invisible but skilled management, I found the hotels struck a perfect balance between quality of setting and lack of pomposity. At one of them, a waiter had a screaming fit at breakfast time – something to do with a sausage, or possibly several sausages – which added to the fun.

■ *At Charingworth Manor, room rates per night for two, for dinner plus B&B, are £148-£207 on weekdays and £164-£235 at weekends (suites extra). Tel: 038-678 555. Bishopstrow House: £81-£114 per person per night, dinner plus B&B (suites extra). Tel. 0985-212 312.*

One for the road . . . a Shanghai pedicab driver awaits customers in the city where, it is said, a new company is formed every 11 minutes

Boom-town Shanghai can learn from its dubious past

Stanley Stewart explores a city at the forefront of China's rush to the future

At lunch, the Hong Kong businessman could hardly contain himself. He waved his chopsticks, swallowed a snake, and conjured investors' dreams through mouthfuls of clouds' ears. "It's big. It's very big. It's almost too big." He choked on a duck's foot and leant across the table. "One point one billion people," he whispered, as if China's population was a secret he felt he could trust me with. "It's the future."

The future is a big player in Shanghai. From our window seats high above the Bund, the city's gracious river-front boulevard, we could see the future across the Huangpu river. It was busy pushing up concrete towers on the skyline of the enterprise zone of Pudong. A financial district, a manufacturing centre, a free trade area and a science park were being built, part of developments that make London's Canary Wharf look like a suburban estate.

China's rush to embrace market forces is turning Shanghai into a boom town, full of feverish speculators. The statistics are staggering: more than 1,000 joint ventures, nearly £7bn investment in infrastructure, 10bn sq ft of new office space. They say a new company is formed every 11 minutes.

Unlike the rest of China, however, Shanghai has seen it all before. Turning your gaze from the skyscrapers of Pudong, you can look down on the classical façades of the Bund, the great banks and trading houses erected in the first half of this century. They are the monuments of old Shanghai, Asia's first and greatest commercial giant.

Created by Europeans in the mid-19th century from a fishing village on a mud bank, Shanghai was a concessionary port where foreign traders could operate immune to Chinese customs and laws, a situation that continued until the communist take-over in 1949. By the 1920s, Shanghai was a cosmopolitan city with a huge expatriate population and a dubious reputation. "One never asked why someone came to Shanghai," Lady Jellicoe warned. "It was assumed that everyone had something to hide."

Old Shanghai was a bit of Europe grown grotesque in the hot-house climate of the Orient. In a city caught between the South China Sea and 1,000 miles of rice paddies, you could order a well-cut suit, a French dinner, a new car or a set of monogrammed golf clubs.

You could attend horse races, baseball games or football matches. You could gossip in five languages. A suburban colonial life-style offered the reassuring rituals of afternoon tea and club membership but did little to gloss over the baser temptations in which the metropolis had come to specialise.

The missionaries who went hunting Chinese souls declared that if God allowed Shanghai to survive, then he owed an apology to Sodom and Gomorrah.

Only the pursuit of pleasure rivalled the pursuit of money. Shanghai catered to every taste. Gambling clubs, dance halls, opium dens, freak shows, music halls and brothels vied with each other for trade. "If you want girls, or boys, you can have them, at all prices," wrote Christopher Isherwood. "If you want opium, you can smoke it in the best company, served on a tray like afternoon tea."

Old Shanghai is remarkably intact. The great banks and trading houses, the old hotels, the palatial villas and the clubs still stand. For the European, strolling through Shanghai is like rooting through the effects of a great aunt whose life has long been the scandal of the family.

In the grid of European avenues, I met a money changer. He was a retired school teacher, a dishevelled, gloomy individual trying to augment his pension. We went to lunch in what had once been a grand apartment building, now broken into tenements and adorned with laundry. An old woman ran a lunch counter in a hallway: three simmering pots and a couple of tables.

All around us was the architecture of half a world away: classical pediments, fanlights, stained glass, French windows opening on to wrought-iron balconies now crowded with bird cages and bamboo chairs. Men shuffled past in bath robes and plastic slippers; from an upper floor, a marital quarrel echoed down the stair wells.

I asked the money changer what he remembered of the arrival of the communists. "It was very quiet, really," he said. "Everyone who should have left had left. A few nights before their arrival, Chiang Kai-shek cordoned off the Bund and emptied the banks of their bullion. They carried the gold bars across the road in the glare of headlights and loaded them on to ships for Taiwan."

Within weeks the brothels and bars were closed, the street names changed and rickshaws abolished. The prostitutes were re-educated and sent to work in factories; the White Russians set sail for Australia; the bankers, traders and gangsters went to Hong Kong, Singapore or Sao Paolo, and the international riff-raff went home.

After the public avenues of the European districts, the old Chinese city – which lies to the south of the Bund – seems an intimate, domestic place. The inhabitants lunch on their doorsteps and wash their hair at outside taps. Pastry cooks stand in open windows conjuring dumplings from clouds of steam. Tiny shops specialise in buttons, umbrellas, block prints, carving knives, dressing gowns, pet birds and snuff.

Nearby, in Salty Melon Street, vendors hawk bucketfuls of crabs and turtles and jellyfish. At the centre of the old city are the Yu Yuan gardens, said to be the inspiration for willow pattern china.

Back in the Bund I found the Shanghai Club, a British establishment once so exclusive that the doorman was said to have consulted members before admitting passers-by trying to escape a gunfight in the street. The Long Bar, once the preserve of taipans, is now patronised by Malay midshipmen, broad as tree trunks, arguing over their diminutive Chinese girlfriends.

In the billiards room across the hall, nothing seems to have changed in 60 years except the height of the tables. During their occupation, the Japanese cut down the legs to improve their cue action.

The centrepiece of the Bund is the Peace Hotel, known formerly as the Cathay. Built in 1929 as the headquarters of the Sassoon empire, it was in its day one of the finest hotels in the world. Noel Coward wrote *Private Lives* there, sitting up in bed in an uncharacteristically hideous dressing gown, listening to Sophie Tucker records.

Having survived spies, Americans and Madame Mao, the Peace has now regained its former elegance. Every evening, a septuagenarian but sprightly jazz band plays a rag-tag collection of tunes. In the restaurant upstairs, the waitresses are once again wearing the cheongsam, the long, split skirt banned by the communists.

At night, with the tugs hooting in the Huangpu below, you can gaze along the floodlit buildings of the Bund, like a vast stage set.

As for the new stage set across the river, you sense that the script is not written yet. Past and future face each other across the Huangpu, and the former has much to say to the latter.

Shanghai's first commercial boom was brought to an end with the communist take-over. With hindsight, the reasons for its demise seem fairly predictable: rampant corruption, an excess of foreign ownership, and an inability to include the widest spectrum of people in the benefits of its boom. On the brink of its second boom, Shanghai would do well to remember that lesson.

Cold comfort in Iceland

Help is not at hand when injury strikes on David Nissan's frozen adventure

It was about 4am, at the end of the first day of the journey, that my mind began to dwell on a throw-away remark by my host, Asgier Heidar, that "Iceland is tough". We were in a convoy of three off-road vehicles but two of them, including mine, had gone through the ice at the edge of a frozen river.

Attempts to tow them out failed because the bank was steep and, as the rear wheels sank in the water, the snow underneath the vehicles compacted. Digging caused the wheels to sink further. The temperature was -15°C as we went to sleep in our seats aware that, if the third vehicle were to get stuck, we would have to sit tight and wait for the rescue service to find us.

Crossing Iceland's interior in winter has become popular, at least with Icelanders. Heidar proposed this journey after we had met on a summer fishing trip. An enigmatic character, he makes his living entirely from hunting and related activities.

He lives and breathes the wilderness, spending the late autumn months roaming snow-covered mountains as a guide or on his own, shooting birds and, occasionally, reindeer. The winter treks are purely for pleasure. I could scarcely resist his invitation – nor its implicit challenge.

There are no long journeys in Iceland: it is scarcely 300 miles across at its widest. But almost no one lives inland where sweeping plains, strewn with boulders of lava, are bordered by low granite mountains. When all is covered with deep powder snow and ice, customised four-wheel drives are needed.

Even then, you need luck with the weather. Two systems compete: the temperate Gulf Stream and chilling winds from the Arctic. At its best, winter brings cloudless blue skies and a sun that provides comfort even when the shade temperature is well below freezing. But a fierce and unbearable wind can whip up without warning.

We set off from Reykjavik on our own. The plan was to start along the coast road before seeing the famous geyser and nearby waterfalls at Gullfoss, 40 miles inland. Then we would head for the weather station at Hveravellir, close to Iceland's heart, meeting the other vehicles en route. Finally, we would aim to cross the Langjokull glacier before turning north again to fish for Arctic char through ice holes.

We aimed to be away for three or four nights and sit out any storms in the wooden shelters that pepper the wilderness. But the road from Gullfoss was marked on the map as crossable by 4WD vehicles only in summer, and we soon faced virgin snow. Within minutes, my vehicle's wheels were spinning helplessly.

After extricating ourselves, we inched towards the highlands. Snow had buried the moss-covered lava boulders that are the main feature of the summer landscape, turning the plain into a smooth, white desert and softening the distant mountains.

There is next to no life: a few ponies and ravens near the coast, then just occasional tracks from Arctic fox or ptarmigan – a snow-white bird somewhat like a grouse – spotted by Heidar's sharp eyes. At one point we had to turn back: the 4ft flags that marked the edge of the road had disappeared under the snow and we became stuck, repeatedly as we sought a new path.

Then we reached the first rendezvous point and stopped on top of a hill in the dark to await the last of Heidar's friends. As we sat, a lace-like ribbon of light wove through the sky, then another and a third. The Northern Lights are still a mystery but at their best, I was told, energy concentrates in a luminous sphere that explodes, sending colours streaming in all directions. This night, showers of light cascaded like spirits over our heads in shades of vivid pink and green.

From here on, we used a satellite navigation system to chart our course in the darkness. This was how we arrived, mistakenly, on the frozen river Jokulfall.

The morning brought luck. The third vehicle found a safe route on to the ice and managed to haul us up. Thereafter, we coasted easily on hard snow, reaching the weather station by mid-morning. A journey of around 90 miles had taken 22 hours.

The weather station is built next to a geyser. Near-boiling sulphurous water runs from open craters and collects in a pool just below the visitors' hut. A pipe feeds an ice-cold spring into the pool and you pick your spot in it for the temperature you want.

This climate is most dangerous when you relax. Heidar slipped on the ice while running back to the hut and fractured his cheek and eye socket in four places. The emergency services refused to send a helicopter; for that, injuries need to be life-threatening.

He took the wheel for the drive back to Reykjavik the next day so that he would have some control over the bumpiness of the ride. Other vehicles laid tracks ahead to speed our journey. But the doctors who eventually operated for three hours said his injuries had been worsened by the way he gritted his teeth all the way back. Very much the Viking, he never once complained.

Yes, Iceland is tough. But for the two hours before Heidar fell, we had been luxuriating in the hot pool watching the Northern Lights as ice crystals made crowns in our hair.

■ *Many Reykjavik hotels will arrange winter expeditions taking from six hours to two days. Asgier Heidar: tel: 354-1-676 350.*

Continued from Page I

DRUGS: wrecked lives in Bolivia

Shaw says his life is still in danger – and Carmen's too

revolving around the extraordinary career of the man she was now hoping to see the last of.

Peter Shaw was over 50 when Carmen, not yet in her 20s, met him in a cafe in the Bolivian lowland city of Santa Cruz. She had just returned from 10 years in Brazil, where in the last few years she had done everything from modelling to real estate management. But jobs in Bolivia were hard to find. Shaw was a commercial pilot, personable, good-looking, with plenty of money. He offered her security and a chance in life. They married.

But Shaw, it turned out, was no ordinary pilot. He had spent most of his life ferrying illegal drug consignments around the world – hashish from Afghanistan, heroin from Pakistan, cocaine from Latin America. At the same time, though, in a deal worked out in 1982 while serving a sentence in a British prison, he agreed to work covertly for the US Drug Enforcement Agency. Later he undertook a similar agreement with British Customs' drugs intelligence authorities. Their children notwithstanding, his marriage to Carmen was part of an elaborate cover for a complex but profitable life of dealing and double-dealing.

At first Carmen could only make guesses about his business during the year they spent in five-star hotels in Rio de Janeiro; about Shaw's irregular flights between Brazil and Bolivia; about the suitcases that disappeared from their hotel rooms as mysteriously as they arrived; and about Shaw's association with Ronnie Biggs, the great train robber she had never heard of before but who, given her husband's growing antipathy and secretiveness, became her confidant.

But by 1991 there was no hiding the fact that things had gone badly wrong. Based back in Santa Cruz now, Shaw became increasingly paranoid. He repeatedly accused Carmen of informing on him, and more than once threatened her violently with weapons. Then came the day when he appeared, his ankle broken after a rooftop chase across the city, saying men were trying to kill him.

And the money stopped coming. Shaw, it seemed, had been dumped by both his drug-dealing associates and his government employers. Without resources, in early 1992 he asked the British embassy for repatriation for himself and his family. It was granted, and then at the last minute refused by the Foreign Office. Shaw, said Carmen, believes there is a deliberate attempt to maroon him in Bolivia – for the last two years they have been living in penury, dependent for their survival on church charity.

Carmen moved her family into my hotel. We took the children to amusement parks, on day trips to Lake Titicaca. We dined out, went dancing, took walks; the more Carmen talked the more I found myself engrossed by these strange lives.

Finally, I asked to meet Peter Shaw. It was not difficult – he had been shadowing Carmen for days.

I liked Shaw: there was little of the arch-criminal about his intelligent, sociable manner. But the story of his demise, even in the bright sun of the hotel courtyard where we sat, was chilling.

Things had gone wrong, he said, when he was contracted by the DEA to set up a "sting", luring two of America's most-wanted drugs smugglers into a deal to purchase 300kg of Bolivian cocaine. Such entrapment operations are illegal under both US and British law; nonetheless, Shaw claims, they are often undertaken using criminals like himself as operatives. He says he spent all the money he had setting the sting up, counting on reimbursement later.

But he told me that, at the same time, he himself became the victim of a 50kg entrapment operation set up by one of his own contacts, also a drugs trafficker, under pressure from British officials. Shaw believes they had learned too much about his own private drugs dealings to want to continue employing him.

How had they learned this, I asked. Shaw is convinced that former friend Ronnie Biggs has become an important police informer, is in constant touch with British drugs intelligence officers, and used his friendship with Carmen to collect information on him.

Shaw suspected his contact of a double cross, and after having arranged the transport of drugs from Bolivia to Sao Paulo, refused to pick it up for him. The operation having turned sour, he says, British drugs intelligence agents were afraid that he might go public on illegal British sting operations and their valuable underworld information source, Ronnie Biggs. Not only did British authorities persuade the Americans to break their contract with him on the grounds he was using DEA cover for his own private operations, but, he alleges, they also tried to kill him.

Peter Shaw says his life, and that of Carmen's, is still in danger from the powerful drug dealers he set up under DEA direction. All he dreams of now is getting enough money to travel to the US, where he wants financial restitution for his broken DEA contract, and a new identity under the Witness Protection Program. He wants Carmen in the witness box with him. Carmen can think of nothing worse.

Such is the confusion and complexity of lives I stumbled across in Bolivia. There are countless others in this country where the shady business of cocaine is more profitable than all other export businesses combined.

But I remembered the UN Drug Control Programme Offices I had noticed from Juliano's. I had seen part of the little picture. Now I wanted to see something of the big one. Two days later, I was headed to the steamy lowland jungles of Chapare, primary production centre of the Bolivian cocaine trade.

In the tracks of Quixote across a land of fantasy

As Jimmy Burns crosses La Mancha in search of a hero, reality and fiction begin to merge

With a name of a *conquistador* and the bearing of a well-nourished Castilian peasant, Jose Diaz Pintado Carreton struck me as just the person I was looking for in my quest for Don Quixote.

He ran a small electronics shop in the central square of Argamasilla del Alba, specialising in Japanese organs, but it was not because of his dedication to new technology that I had been guided to him.

Don Jose, plump, moustachioed, and with a boisterous laugh that made his organs rattle, was an *Academico de Argamasilla*, with a life-long hobby of dedication to Spain's most universal literary hero.

We shared a bottle of wine and a large piece of *chorizo*. He erupted with laughter when I asked him what university he taught at. "I am not an academic. I'm an eternal fan, an *aficionado* dedicated to supposition, speculation, and pure faith."

Don Quixote sets off on his travels from an unnamed "place in La Mancha", that region of Spain's central plain which lies between Madrid and Andalucia. Consequently, each little town for 200 kilometres south of the capital claims Don Quixote as its own.

But Jose was insistent that Argamasilla – today a dusty agricultural town filled with olive pickers and vine diggers – was the place where it all began and where it ended. Here was the library where his hero had studied his books of chivalry. Here was the prison where he had languished. "I've spent my life trying to find out why. Was it because he didn't pay his taxes or because he wolf-whistled a noble lady; either thesis is possible."

No use arguing with Jose that Don Quixote never existed, and that the man imprisoned in Argamasilla was Miguel Cervantes, his hero's inventor. I had been travelling long enough in La Mancha to understand that this is the kind of region in which one can easily believe in anything.

A few days earlier I had flown to Madrid, seeking out Europe's self-proclaimed cultural capital. The Prado, as always, was a joy, but before getting to the now-permanent Thyssen axhibition, I had already sought escape from the frenetic traffic, the pollution and the sense of collective malaise which my Spanish friends say is a symptom of recession.

I left armed with Cervantes' masterpiece in my bag, and the thoughts of the Spanish philosopher Ortega y Gasset in my head: "Castille, felt as visual unreality," wrote Ortega some 70 year ago, "is one of the most beautiful things in the Universe."

After the office blocks and the traffic jams came the open plains of La Mancha, not green, certainly, but not barren or uncompromising either: Castille here is a kaleidoscope of changing shapes and colours. First comes the reddish earth where the vines are lined one behind the other; then the mountains of the south looming on the horizon like sea monsters washed on to some hugely distant shore.

Along the way there is an extraordinary sense of space, broken occasionally by a flock of sheep or a clump of olive trees where the vines leave off. Not since motoring through Patagonia had I felt a similar sense of anguish mixed with heightened expectation. I was hungry and thirsty, too.

Deliverance from the motorway came in the form of the first necessary port of call on my literary journey: Puerto Lapice. It was into this village that Don Quixote had ridden "weary and dying of hunger…looking in all directions to see if he could discover any castle or shepherd's but" where he could take shelter.

Having parked the car, we wandered on foot through the streets of brilliant whitewash, where fruit was being pressed and horseshoes forged in inner courtyards, but where otherwise nothing seemed to be happening under the sun. My companion stopped to cash a traveller's cheque in the bank, and was told by a young clerk that she had never handled such an instrument.

It was lunchtime, though, and it was not hard to find a local inhabitant with a sense of priorities. "The Venta de Don Quixote," said a woman in black, pointing down an avenue of white.

In the *venta*, or inn, a rusty set of armour lay abandoned next to a stone trough, and a group of waiters in starched shirts stood by empty tables in an open courtyard lined with blue tiles.

"…*Now there chanced to be standing at the inn two young women of easy virtue who were on their way to Seville with some water carriers…As everything that our adventurer thought, saw or imagined seemed to follow the fashion of his reading,…he convinced himself that it was a fortress with its four towers and pinnacles of silver…*"

The only female strangers I saw – one with a mass of black curls, the other with stunning blue eyes – were cleaning the kitchen floor and seemed in a hurry, not to move on to Seville but to get back to Madrid, from where they had reluctantly emigrated.

In the shadow of a giant: a child plays next to one of Don Quixote's windmills above Campo Criptana

Jimmy Burns

I shadow boxed with the armoor before allowing myself to be led to a table in the spirit of Sancho Panza. We drank a litre of *Valdepenas* wine, and guzzled beans, *chorizo* and bits of smoked ham served in an earthenware bowl. The staw, or *olla*, has been La Mancha's peasant fare for many centuries, and no amount of fast food chains – of increasing prominence in metropolitan Spain – has managed to eradicate it.

Beyond the *venta*, up in the hills, above another glittering village of whitewash and blue tiles – Campo Criptana – were the windmills. That afternoon they stood defiantly as a wind gathered and whistled across the prairie, picking up dust. A young Dutch couple sat leaning against their rucksacks, staring at a red sun. When they saw me, the man asked: "Do those windmills make bread?"

I told him: "Those you see there are giants with long arms; some of them have them six miles long."

The Dutchman smiled: "Well it makes a change from looking at cathedrals." He had recently been in Toledo.

For a long time we stood there, saying nothing else, just listening to the wind and watching our children dance between the "giants". With their black hair and wild gestures and laughter, they seemed caught in a dream of gypsies which my hero on occasions stumbled on.

Beyond us a madman, his trousers half-way down to his ankles, was gesticulating at one of the giant's arms with a walking stick. His expletives were almost incomprehensible, but I gathered he had been abandoned by his wife.

Later that afternoon I stopped for the night at the next village on tha Quixote trail, El Toboso. Here the house of Dulcinea, the rough peasant cook my hero took for a princess, has been preserved as a museum, next to a convent where the nuns intersperse their prayer sessions with biscuit-baking.

We took a room above an inn, where the largely male clientele seemed aither tall, bearded and very thin, or short and stocky – Quixotes or Sanchos almost to a man. We were fed on *gachas*, a quite indigestible dish also of long-standing tradition in Castilian peasant kitchens: bits of pork fat fried with garlic and hot peppers.

I was conscious that Don Quixote had searched for his princess after midnight, so, restored with a large brandy, I set off into the night. The tall tower of El Toboso's 16th century parish church stood out above the narrow streets, its pale stone illuminated and turned golden in the sea of black. Except for those in the inn, the whole population appeared to have retired. The only beings were a dog distantly barking and a ginger cat that followed me for an hour, purring and sliding his back along the whitewash. Near the local convent, Dulcinea's house was closed for the evening.

The next day, armed with a map provided by the parish priest, Don Nicolas – another Quixote expert – I went looking for the Cave of Montesinos – scene of Don Quixote's mostly demented dream – in the lake district of La Mancha. The lakes are small lagoons which have gathered miragelike and somewhat miraculously in an area surrounded by arid lands.

The cave was well off the main road, across a countryside of petrified trees and loose bramble. Luckily the crippled vegetation was not too overgrown so I did not need to use a sword, as my hero had done, to cut my way through the cave's mouth. But neither did I *have a rope and Sancho* to lower me in. I stepped forward cautiously, using a torch.

For many centuries the wizard Montesinos had waited for Don Quixote deep in this cave. Thanks to him, the mad knight discovered enchanted castles and Dulcinea del Toboso, and re-emerged a better man, his courage proved, his dream fulfilled.

I was frightened out of my wits by a large bat. It was the the only other living creature I encountered before chasing my own shadow and running out, back into the sunlight. All around me the plains of La Mancha were melting to the sound of crickets.

■ Spain: A Literary Companion, *by Jimmy Burns, was recently published by John Murray, London (£16.99).*

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The islands where time slows down

Gerald Cadogan goes offshore to find homes with the promise of an independent and peaceful life

For an independent life, it is hard to beat the offshore islands of the British Isles. The pace is slower and the need for self-sufficiency greater – in case storms stop the ferry and the aeroplanes.

□ On the Isle of Wight, the "old fogey" retired locals at Bembridge go to ground in the summer, to emerge in September for hunting and shooting. "There is a splendid hunt which rarely catches a fox but gives a lot of people a lot of pleasure," I was told.

Out of season, Bembridge is a joy even if, in summer, it is a playground for the champagne and sailing set. "But all the same, it is fun to have them around," a local says. Seaview and Cowes are the other main haunts for smart sailors. In the 1980s, many of them stopped going to the island and went to France and the Mediterranean instead. Now, they are staying closer to home. Why? School fees and Lloyd's are thought to have some relevance.

The car ferries can be a problem and many people leave their vehicles on the mainland, at Portsmouth Harbour station, and take the fast catamaran to Ryde pier. There are also hovercraft on the crossing. A tunnel to the island, much talked-about, might happen one day – but Eurotunnel will need to succeed first.

For farmers needing to get animals to market and the slaughterhouse, a tunnel would be a blessing. The local abattoir closed in 1992; now, Salisbury is the closest. Since the trip is expensive, it is not surprising that several farms are for sale.

Yet, it is a gentle life for the residents – "rather like Ireland," as one described it. Indeed, the last really big event was D-Day and the preparations for it. Some want more visitors, and to encourage pop concerts. But many like it because it is quiet.

Dolphin House, a sailor's property at Wootton Bridge with its own mooring, slipway and pontoon, has just been sold by Humberts (with Christopher Scott); it had a guide price of £380,000. On offer from Fox in Newport, however, are several attractive old cottages between £130,000 and £150,000. The old Ashey station – now a red brick house with six bedrooms and an Aga – costs £135,000 and still has the Isle of Wight Steam Railway running past.

In Ryde Coromandel (11 Bellevue Road) is a stuccoed Regency villa with a semi-circular drawing room with verandah outside. It has a vaguely colonial look: somewhere to drink gin in a wicker chair and tap the barometer. Did a sea captain build it? The price from Fox is £135,000.

In Cowes, Mariners House – on offer from Scott for £380,000 – is on the waterfront and has three "crew rooms" in the attic (ideal for an ocean racing team or a large family) and splendid views of the Solent.

For £235,000, Fox's Shanklin office is selling Sandford House, substantial and Victorian, in Sandford village.

For £320,000, Scott and Hamptons offer jointly Horringford House, a Queen Anne property with barns, a cottage and a lake. William Cromwell lived here, grandson of Oliver and heir to Richard as Lord Protector. "WMC 1718" is on a stone over the front door.

□ The Isle of Man is famous for kippers (with no artificial dye) and fresh fish. "My parents can never eat English fish," says a Manx friend. And it is almost always raining which, as we all know, is good for the garden.

The landscape is a rich mixture of mountains, glens, waterfalls and beaches. Only the noisy din of the Tourist Trophy motorcycle races interrupts the quiet from time to time.

In this rural haven, crime is low.

There has been some resentment of settlers from Britain, known as "come-overs". Some are the super-rich attracted by income tax at 20 per cent and no capital gains or inheritance tax; this has produced a two-tier society, and smart restaurants.

The property market is cheerier than a year ago. The financial sector in Douglas is now hiring locals as well as outsiders; this is helping the whole island economy, according to estate agent Chrystals. Come-overs will often be looking for a house costing upwards of £200,000. Among the islanders, there are more first-time buyers.

There is some movement in the market for the most expensive houses. Dean Wood recently sold Ballacriy Manor in Colby, a neo-Georgian stately home with pediment and columns, for £850,000.

But The Nunnery, racehorse owner Robert Sangster's glorious Victorian Gothic house – complete with a chapel where services are still held – remains on the market. The price from Dean Wood and Aylesford is £3.5m, compared with the original figure of more than £5m.

For £700,000, Chrystals offers Middle Garth at Marown. This solid, large farmhouse comes with 22 acres and a guest/granny cottage. The rates are an incredibly cheap £291.

Glen Truan at Bride, with 13 acres and views across the Ayres to a distant Scotland at the north tip of the island, is on offer from Chrystals at £295,000. The agent is also selling the white-painted Corris's Croft at The Garey, near Ramsey, for £350,000; and the Spanish-style Villa Carina, near Maughold, for £365,000.

□ The Scilly Isles, warmed by the Gulf Stream, are a gardener's delight and a place of beauty and calm, with few houses. "They are like Cornwall but better," says Tony Dingley of Island Properties.

Eighty people live on the small island of St Agnes, which is linked by boat to St Mary's. In turn, that has mailboat and helicopter connections to Penzance, and an aeroplane to St Just, at Land's End.

There is a pub on St Agnes but no hotel.

The beaches are marvellous and traffic hardly exists. Miller and Island Properties jointly offer a 52-year lease (from the Duchy of Cornwall) on Barnaby Cottage, with its own mooring, for £199,950.

On St Martin's, most north-easterly of the Scillies, Island Properties is selling Bleak House – an old farmhouse with palm trees in the garden – for £160,000, and the 1822 Rock House for £150,000. The rock is granite.

■ *Further information: Strutt & Parker: 0244-320-747; Chrystals: 0624-623-778; Dean Wood 0624-620-606; Fox: 0983-524-000 and 0938-865-151; Christopher Scott: 0938-721-778; Aylesford: 071-351-2383; Humberts 071-629-0909; Island Properties: 0720-22-082; Miller: 0872-225-225*

For around £380,000 . . . Dolphin House, a sailor's property at Wootton Bridge on the Isle of Wight, which has just been sold

For £350,000 . . . Corrie's Croft on the Isle of Man

For £150,000 . . . Rock House on the Isles of Scilly

Gardening / Robin Lane Fox

Poetic justice for recalcitrant roses

We are now into the season when booklets try to tell you how to solve your garden's problems. You need slug killer round the hostas, which are emerging bravely this week, and my hellibors have required slug-killer already, an invisible reason for their poor performance.

On both, I use Growing Success, the granules of which are consumed like blue-rinse caviar and send the enemy to an organic death. Emergent ground elder is clouted with Roundup and the purple slugs of young bindweed are attacked with the higher firepower of SDK Brushwood Killer.

But no leaflet tells you how to deal with my most maddening problem: roses which go backwards, not forwards. This week, I have invented my own solution and tried poetic justice instead.

This has been needed where the auspices, at first, seemed perfect. Three years ago, the July sun was rising on the old-fashioned roses and us reptiles of Fleet Street were being feted in one of our finest rose gardens; there was even a lady in cream silk to welcome us by playing a harp.

Escaping her harping, I turned left at an arbour of Constance Spry roses and encountered Graham Thomas, the UK's greatest living expert on this flower. With reptilian skill, I worked round to my question of the moment: what rose would he choose to train on wires for a low rose hedge? Kathleen Harrop, he replied, without hesitation.

She had crossed my mind already because she is a rose with everything. Her stems are formless; her flowers are silvery pink; her season is long; and her elegant leaves have a slight purple flush. Emboldened, I ordered a dozen from Peter Beales in Norfolk. They were end-of-season plants but, I reasoned, surely Kathleen's stems would take off from the long roots which he searched out for me?

The years passed and the wires are rusting: progress has been negative. Every March, the leaf buds open and there is a slight attempt at growth, but the stems are as thin as pencils.

In their first year, they caught me out by getting Black Spot as early as April; since then, I have moved back my preventive measures to early spring and I am spraying – as you should also spray your roses – with Nimrod Thomas as early as late February. Thanks to Nimrod, Kathleen still goes black and yellow – but not until late May.

So why is Kathleen in such a sulk? I have concluded that it is either me or the soil. And since I am not moving out for a rose bush, the soil has had to go.

None of the endless books on roses discusses the idea but, if roses want heavy clay, why not give them loads of it? Why not bus in a lump of unworkable Essex if Kathleen Harrop luxuriates in the old Thatcherite heartland? There are precedents, although you have to look for them.

In my mind's eye, I see an old archbishop of Pisa who plainly thought on the right lines in the high Middle Ages. The benefactor class there wanted privileges in return for gifts. The Italian church could not give them birthday honours but the archbishop offered them an extra-special death instead.

Through the city's network of crusading contacts, he arranged for a shipment of sanctified compost, dug on site near the holiest places of the Holy Land. Wheelbarrows had not been invented in the 13th century, but the compost arrived on carts and was scattered into his church's cloister, the present-day Campo Santo.

What is the equivalent of sanctified compost for today's Oxford atheist? A barrow-load from Basildon lacks political correctness – but where else do roses luxuriate?

I have watched new gardeners steal up on me in the past five years of post-youth enterprise, but none has stolen further than my long-standing friend of the Muses, the poet James Fenton. On May 14, all well-meaning Oxford MAs will be bussing themselves to the university to vote in the new Professor of Lower Poetry: why not declare the campaign open by bussing a load of earth from his rose garden in my direction first?

The Fenton roses do not merely flower and proliferate: they beam with the blessings of the sister Muses. Admittedly, they grow on foolproof grey-green clay within sight of Matthew Arnold's poetic landscape. Where Poetry alights, honey sweats from oak trees, brickbats burst into garlands of iris, and even the brambles are supposed to go mad with roses.

This week, I have completed my poetic transplant. There have been no wheelbarrows, either, and loads of appalling clay have been shifted in the car boot. Do roses really like this awful sludge? Is this grey horticultural plasticine really the answer to Kathleen Harrop? And what if the problem is the nurserymen, not the flower bed?

Just to be sure, I have changed the roses, too. A new batch from Scotts of Somerset is sitting in the sludge which they are said to like best and I cannot help noting that the new Harrops are putting out leaflets already. Unless I am blind, though, they have little black spots on their tips . . . .

FT Round the World Ski Expedition

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world expedition. They began the year in North America and are now in Europe.

Arnie reports: At last – good weather. Early in the week, it was still snowing quite heavily in Alpe d'Huez, allegedly one of the sunniest ski resorts in France.

But later, in the spectacular resort of La Grave, we enjoyed a stunning day of bright sunshine and oceans of fresh powder.

At Alpe d'Huez, Lucy and I accessed the skiing area from Vaujany – the only people in the 160-person cable car on the way up – and down. With luck, rather than judgment, we keep arriving in ski resorts the day before they close. In Courchevel, Méribel, Les Menuires and Val Thorens we played "hunt the lift that is working".

■ Almost a year to the day since the skiing accident which had left him in a wheelchair, Mike Browne, boss of Snow + Rock, arrived in Méribel to ski with us. "This is the moment I have waited for for a year," he said.

The thought of accompanying the FT's expedition had been one of the chief driving forces in Mike learning to ski again, using a specially adapted ski-bob. He was able to use the button lifts and chairs, and although paralysed from the waist, skied incredibly well using "outrider" skis with his arms.

Mike also delivered, as he had promised to do before his accident, replacements for some of our worn, damaged or lost equipment, including the vital Avocet watch which records vertical feet, and heels for my ski boots, which had been worn down by walking on so many snowless tracks after a day's skiing.

Worn heels can become dangerous as they can allow boots to release unexpectedly from bindings – the last thing we need with eight months of skiing still ahead of us.

■ On our last afternoon in the Trois Vallées we were tempted to ski the three couloirs on Courchevel's piste map. My daughter Samantha, who had joined us for a week, had never skied a couloir before, let alone three in one afternoon.

Chess No. 1019: 1 Qh7+ Kf8 2 Qxg7+ Kxg7 3 dxc5+ Kf8 4 Rh8+ Ke7 5 Bf6 mate.

Clocks, Watches and Jewellery

Revived Swiss masters glory in complication

Ian Rodger goes to the Basle fair

Blancpain minute repeater. Blancpain boasts: 'No-one has ever seen a quartz Blancpain. No one ever will'

Nicolas Hayek, the flamboyant chairman of SMH, the leading Swiss watches group, set last month's annual European Watch, Clock and Jewellery Fair in Basle off with a bang.

Hayek brought in Neil Armstrong, the astronaut who landed on the moon in 1969, to help promote Omega, one of SMH's many watch brands. Armstrong wore an Omega Speedmaster chronograph watch on his historic mission.

Together with two other astronauts, Hayek and Armstrong sat at the Omega stand and tried to have what was billed as an intellectual discussion about time and the cosmos for 1½ hours.

With the jostling of photographers and some banal initial questioning by the moderator, the so-called Omega Forum was unlikely to live up to its billing, but amid tough competition it attracted attention.

Indeed, it was difficult, even without a media event, to maintain focus in this Aladdin's cave that the Basle Fair has become. Although quaintly titled "European", it has long been the most important trade fair for the world's watch and clock makers.

This year, 562 exhibitors from 15 countries participated in the watch and clock section. Officials claimed that about two thirds of world trade in these products would be initiated there.

Products ranged from an 18-carat gold skeletonised chiming watch from Vacheron Constantin, worth about £400,000, to arrays of plain kitchen electric clocks.

The main message from the fair this year was the restored prosperity of many Swiss watchmakers. Companies such as Breitling, Tag Heuer and Oris, on their knees a decade ago, were confidently displaying new products on lavish stands. Tag, for example, claims to have raised its turnover tenfold in the past decade, Oris to have doubled its sales since 1989.

Omega at the Athens Olympics: the company is now back at Basle

This recovery is closely linked with the resurgence of damand for mechanical watches, both antomatic and manual, following the onslaught of quartz models in the 1970s and early 1980s.

The Swiss excel at making mechanical watches, and the recovery shows up most dramatically in the Swiss statistics. Last year, the value of Swiss watch exports reached SFr7.6bn (£3.6bn), double the level of a decade ago.

For mechanical watch devotees, the Basle fair offered a feast of new and revived designs, with ever more impressive complications.

One of the more remarkable was a reversible model from Jaeger-LeCoultre with a functioning watch on each side, the so called Reverso Duo. Each watch operates independently but but both are powered by the same movement.

Other unusual collectors' items came from Chronoswiss, a 10-year-old company which, in spite of its name, is based in Munich. It specialises in reproductions of antique watches, many with regulator mechanisms, in which the main face has only the minute hand while the hour hand appears on a smaller superimposed face.

In the realm of eye-catching gimmicks, it would be difficult to beat Blancpain's proposal to construct erotic action scenes on the backs of its elegant watches. For its ladies' models, the company has also developed a mechanism for easily changing armbands to match the wearer's clothes.

These and many other fantasies could be found mainly in hall 101 at Basle, the so-called Prestige Hall reserved for the glitterati of the world watch business.

But the renewed popularity of mechanical watches has gone down-market as well. The determinedly middle-market Oris has brought out models with complications in the less-than-£1,000 price range.

At the regular press conference of Japan's Citizen Watch, an official said the complexity of many multi-function watches had gone too far, and predicted that models would become more user-friendly. However, one of the watches Citizen introduced at the fair, the Promaster Navihawk, may well have set a record for the number of digits and letters that appear on a single watch face.

The fair was again notable for its distinguished absentees, including Swatch and some other companies in the SMH group, and the companies in the Cartier luxury products group. SMH withdrew seven years ago after a row over space, but Omega, an SMH company, returned last year and brought Longines with it this year. The group's policy henceforth will be to have Omega and one other brand represented at the fair each year.

Cartier, Piaget and Baume & Mercier pulled out three years ago because the event was not exclusive enough. As a Cartier executive put it at the time: "Our clients do not like the smell of sausages." They started their own more exclusive annual show, the Salon International de la Haute Horlogerie, in Geneva, which runs concurrently with the Basle fair and which they claim has already established itself.

Basle officials observed that the Cartier defection has not been followed by others from the Prestige Hall. Also, a couple of the Cartier brands, Dunhill and Gérald Genta, have kept their stands in Basle.

Philippe Levy, the chief executive of the Basle fair organisation, departed in December after the city fathers vetoed a plan to build a regional exhibition centre together with neighbouring French and German communities.

Fair officials insisted that the parochialism implied by the decision would not extend to their exhibition policies. Indeed, the name of the Watch Fair would finally be changed next year to the "World Fair for Watches, Clocks and Jewellery".

But it was bad news for the 500 odd watch and jewellery companies still waiting for space in the fair's existing cramped quarters.

Olympic ideal? Advertising poster made for the 1932 Los Angeles games

A craftsman works on an erotic watch from Blancpain's Polso collection

CLOCKS, WATCHES AND JEWELLERY SURVEY

The changing faces of fashion




Time is money (from left): Franck Muller perpetual calendar watch SFr34,800; Chronoswiss Tora dual time-zone watch, £1,650-£4,800; Tourbillon movement with minute repeater and perpetual calendar by Muller, SFr325,000; Patek Philippe perpetual calendar £25,910

***John Morgan** looks at the latest design trends in timely accessories*

There was a time when watches existed independently of fashion. Men or women customarily received an important watch to mark their 21st birthday and, other than the addition of a dress watch, they continued to wear the same timepiece.

However, the watch has become a fashion accessory. "Today the norm is to have many different watches for several different functions: a classical watch for smarter events and evening, a fun watch that can be worn casually at the weekend and sports watch to wear in the office which, although being a diving watch or chronograph, will never go near the water and have nothing more important to time than seconds on a parking meter," says Matthew Cundy, sales manager for Cartier.

But what of trends? Although flashy watches, bristling with precious stones, remain popular in the middle and far east, the general movement, like fashion itself, is far from the ostentation typical of the 1980s. "It is no longer important for your wrist to show everyone how successful you are. All that matters is that you know," says Cundy.

Frank Edwards, of the Federation of the Swiss Watch Industry, agrees: "Watch makers have latched on to a need to get away from the avaricious 1980s and a yearning towards a more romantic, stable and attractive past."

To this end, Cartier has designed a charming Art Deco range, made from materials such as black enamel and diamonds. Franck Muller, a newish, clever Geneva watchmaker, has produced a range of wristwatches called Casablanca. You must go to Switzerland to buy them.

Nostalgia manifests itself in two ways. First, the mechanical watch, which only a few years ago was threatened with extinction by quartz, has fought back. It accounts for 12 per cent of volume and 48 per cent of value of all Swiss watches sold. Chris Parks, of Chronoswiss, a brand of watches with customised movements that has enjoyed great success since its introduction to Britain a year ago, says: "Why buy something that has been stamped out on a production line, when you can have a watch that has been made by craftsmen?"

Secondly, there has been a renaissance of watches that were popular in the inter-war years. "Improved technology has meant that square watches are ripe for a relaunch, because the glasses are now made of sapphire crystal, which does not fall out and protects against dust and damp," says Parks. All the leading brands have them.

Patek Philippe, which makes some of the most beautiful watches, has a chronograph in a tonnesu case with a perpetual calendar and, for women, a rectangular Gondolo watch with an elegant bezel paved with diamonds.

Cartier produces its famous "tanks", including the new Tank Obus which features Roman numerals and a crown set with a cabochon sapphire. Jaegar-LeCoutre offers Reverso Duo, which has two back-to-back dials, showing times in different zones.

Franck Muller bas devised his own version of the tonneau, known as a curvex, which houses intricate mechanisms. Grand old Breguet has a super tonnean and Audemar Piqnet delights with a 1940s-style square wristwatch in 18-carat gold. More affordably, there are tanks from Gucci, Maurice Lacroix, which offers designs for men and women in a curved shape that fits the wrist perfectly, and Oris, which has created a handsome model in gold, steel, and gold plate to mark its 90th birthday.

Metal colours are also changing. There has been an increase in the number of watches made in white materials such as steel, white gold and, even the expensive and notoriously difficult to work, platinum. Omega has a limited edition of 50 beautiful platinum watches to mark the 25th anniversary of man's first step on the moon. Baume & Mercier offers the Hampton, which has a curved, polished, stainless steel case and matching bracelet. Zenith sells e range of steel chronographs which are modestly priced but good looking.

However, for all the purity of white metals, it would be a mistake to believe there is no colour around. Coloured faces – particularly a certain shade of Royal blue – abound and add an individuality to any watch.

Coloured straps are also in abundance – reflecting the trend for huying an assortment of straps with a watch. Breitling, makers of pilot watches, is offering colours that must have found their inspiration in a sweet shop.

The most colourful watches are, of course, the cheap, fun throwaway ones. Swatch, which can be credited with persuading people to have a wardrobe of watches, still dominates. Tbe new collection includes pop-outs, scuba – for underwater sports, stopwatches and an alarm to wake you np with a jolly tune. A brand to watch is Mondaine, which offers many fun designs including the award-winning Swiss Railway clock watch, the brightly-coloured M-Watch and an interesting little number based on a yoghurt pot.

Sport continues to assert the same directional influence on watches as it has on fashion.

"Cultural and social changes such as increased leisure time and emphasis on looking sporty and dynamic have contributed to an explosion in sales," says Duckworth He introduced Tag Heuer to Britain a decade ago and can boast a seven-fold increase in turnover. He says people are spending more on sports watches and has introduced a new 18-carat gold addition to the 6000 range. Also, more women, according to Duckworth, are buying sports watches and he has a new automatic which manages to look both sporty and smart.

Adidas, known for its sports equipment, has launched a range of timepieces, including functional and rugged models designed for tough sports, classical chronographs, water-resistant to 200 metres, and a set of inexpensive sporty leisure watches.

Sector, which specialises in watches that perform well in extreme weather conditions, has the new Underlab STE, which boasts an extremely strong steel/fibre glass case and is available in four versions including two chronographs. Ebel offers the handsome Sportwave Chronograph: robust and functional, it times performances on three registers to a tenth of a second, gives intermediary times, has a tachymeter and is available on either bracelet or leather strap.

Even Dunhill, that most sedate of companies, known more for its period watches, has shaped-up with the Londynium, which, althongh designed to be worn at all times, has a particularly sporty appearance and is available in four sizes in steel, steel combination and 18-carat gold.

Finally, if you are looking for something completely different, why not invest in the latest trend – erotic watches. Hublot, better known for discreet little timepieces is enamelling illnstrations of the Karma Sutra on to its watches, while Blancpain, that outwardly most understated of watchmakers, has a range that features couples (all proclivities catered for) copulating with all moving parts (literally). The designs are so explicit that I am told the watches might soon be banned.

■ *John Morgan is associate editor of GQ Magazine*

Time and tide: Sector underwater watches, £125-£200

Collectors' items

***Richard Garnier** on the rebound of the wristwatch*

Last autumn Patek Philippe, a leading Swiss watch house, issued a collectors' watch on classic lines. The watch was to celehrate the 150th anniversary of the appointment of Garrard's, of London, as crown jewellers and was available only through Garrard's.

It was limited to 150 pieces in rose gold with a rose gold dial and the glazed back revealing the self-winding movement with engraved pivoted rotor weight.

Priced at just under £8,000, it sold out in under two months, providing confirmation, if any were needed, of the health of the retail wristwatch market, especially for watches with collector appeal.

Serious collecting of wristwatches is still a comparatively new phenomenon. A little history puts this in context. Having started out in the mid-1800s as women's bangles, with a timepiece concealed behind a hinged cover, wristwatches were originally considered effeminate. But during the first world war, the prejudice was overcome by the convenience of wearing a watch on the wrist, rather than carrying it in a pocket.

The spread of the car sealed the popularity of wristwatches for men and there was even a model developed – the Driver's watch – that curved to fit the wrist so that time could be read with both hands on the steering wheel.

Initially, most people owned just ona watch, acquired at some significant moment such as a 21st birthday, and it was the best that could be afforded. Of course it had to be Swiss.

When the quartz watch arrived in 1975 it was dismissed by the Swiss watch houses as beneath them.

Cheap quartz watches, made in vast quantities, especially in Hong Kong, Taiwan and South Korea, soon grabbed a sizeable slice of the world market and the Swiss watch industry was heading into crisis. It is said that 60 per cent of the Swiss watch labour force was laid off for good.

But the very cheapness and impersonal, mass-produced nature of these early quartz watches – mostly digital – bred a reaction in the buying public. By 1980, analogue dials with conventional faces and rotating hands were again heavily in demand.

Although a ready source of traditional watches was found in the rapidly expanding secondhand market, the Swiss watcb houses responded by going either down or upmarket.

Marques such as Accurist, Avia, Rotary, Tissot and Longines embraced quartz in order to produce a reasonably cheap analogue watch. Others, such as the hig five – Patek Philippe, Rolex, Vacheron Constantin, Audemars Piguet, Jaeger-LeCoultre and IWC – stayed upmarket. They also dug into their history and put back into production some more complicated classic models that had started to command high prices in the secondhand auction market.

There are still two markets and retail sales have remained remarkably buoyant.

The focus is on highly complicated pieces with multifarious features such as perpetual calendars allowing for leap years and minute repeating actions. These are long in the making and cannot keep up with demand. At the Basle fair this month there was great interest in new models from retailers encouraged by sales increases.

At auction, comparisons can be made with the top of the market in 1990. Prices fell by between 25 and 30 per cent across the board. Some fared even worse: Tina Millar, of Sotheby's, quotes the example of a typical chronograph (zeroing stopwatch) that would have made £18,000-£20,000 then but now commands only £8,000-£10,000, even though the market bottomed out towards the end of 1992, around Black Monday. Again, world time-indicating wristwatches, by Patek, now routinely make £25,000-£30,000 as opposed to £70,000-£80,000 in 1989/90.

Undoubtedly, in the late 1980s, speculators were active in tbe market. Since then greater sense has prevailed.

Sellers are accepting more conservative pre-sale estimates, even at Antiquorum's Geneva sales.

London auctioneers can now boast high success rates – only 7 per cent unsold in Sotheby's March sale, while Christie's sale, also last month, was not too far behind at 14 per cent unsold.

Discernment, rather than investment, is the hy-word in the current markat. Thus Simon Bull, formerly of Antiquorum, talks of a buyer wbo spent SFr400,000 on a split-action chronograph by Patek – rare because of its steel case, whereas Millar cannot see the rare platinum (one of only three) calendar, moon-phase watch making as much today as the £280,000 it sold for in 1990 in London.

One section of the auction market that has dwindled to nothing is collectabla Swatches. While producers of low-production models such as the Sun King, Swatch 1993 Christmas specials (only 1,300 were allocated to the UK market) can see queues on launch day, none of the auction houses are selling second-hand Swatches any longer. This was a speculative market and has proved a flash in the pan.

Anctioneers trumpet sales statistics, hut retailers are more discreet. While far eastern buyers took up 14.28 per cent of the March watch sale at Christie's, the east Pacific rim accounts for a significant slice of the retail market, supplanting the Italian domination of the 1980s. Rolex is the volume seller, Audemars and Patek and other complicated watches are widely collected. Customers in the far east are highly hrand-conscious, hut taste is hy no means uniform.

Quartz watcbes are more popular than mechanical ones because resetting complicated calendar watches is aasier. Taiwan and Singapore collectors, while appreciating complicated watches, concentrate just as much on their decorative appeal, akin to the Arab taste of 10 years ago. There can be resistance to "used" property in Moslem communities.

The Japanese are famous for shopping around before buying. Their view is long-term – and speculation in a "watch market" seems a western preoccupation.

The inclusion of one of the Garrard's/Patek watches in a London sale will soon show whether there are still occasional quick profits to be made, now that on-sale premiums for rarer Rolex models, such as Daytonas, have all hut gone. The pre-sale estimate of up to £6,000 may prove encouragingly conservative, considering that the previous Patek special limited edition watch, the Officier of 1989, repeatedly resells at way over its original offer price, and more than 2,000 of them were issued.

CLOCKS, WATCHES AND JEWELLERY SURVEY

Clocks begin to tick

Demand is rising and bargains getting fewer, says Antony Thorncroft

A Victorian longcase, sold for £9,200, double the forecast, at Christie's in March.

The past year or so has seen time hang heavily on the auction trade in clocks; move more briskly for some watches; and positively buzz along for jewels. But there are signs that the era of low, indeed bargain, prices for higher quality antique clocks in the saleroom might be about to pass.

Demand has been brisker at recent auctions, and this *should tempt on to the market* some of the good clocks which have been waiting for the higher prices to return.

Many people like the idea of owning an antique clock, an impressive 18th century longcase ticking away in their hall, but are deterred by their ignorance and fears about the condition and conservation of such mature specimens. They need not worry. At its last auction, Sotheby's offered 41 longcase clocks dating from the 1720s to 1900 and sold all but one at prices ranging from £800 to £10,000.

A decent Georgian clock can be acquired in the saleroom for *under £2,000. A restorer might* charge £350 to put the mechanism in working order and repairs might also be needed to the case. But, for less than £3,500, you can have an attractive working antique.

Of course the big names – Tompions, Knibbs, Grahams and Delander – cost much more. Any serious – and rich – collector of antiques should have a clock by the father of British clockmaking, Thomas Tompion, on their buying list. His appeal is international. Working in the late 17th and early 18th centuries he commands a premium over all other makers.

In 1989, a rare blonde wood Tompion sold for £880,000. This was at the peak of the antiques market but even in the doldrums of last June Christie's offered some Tompions and they all made good prices, with a tiny, 6½in high, silver mounted ebony bracket clock, probably made for King Wil*liam III, selling for £441,500,* and a table clock for £298,500.

Since then, no important clock has appeared at auction, and the sluggish demand of recent years has made a simple clock by Tompion (almost) affordable.

No Tompions are on offer at the important June auctions in *London*, but a top dealer such as R A Lee, (now part of Aspreys) could probably supply one for less than £100,000 and a routine bracket clock by Tompion might be acquired for as little as £40,000. Prices are low mainly because dealers have run down their stocks and are unwilling to start buying again – yet.

French clocks, with a wider range of collectors, are a slightly firmer market, but a 19th century carriage clock can still be bought for £1,000. There is greater interest in the elaborate French Empire mantel clocks, the more unusually *decorative the better. Here* prices have edged up in the past year or so, but an excellent example should cost less than £4,000.

There are many people who just cannot cope with the antique, with the problems of maintenance. They want the finest craftsmanship, but they want it to be contemporary.

There is at least one British clockmaker still working in the traditional way, with virtually every component made in house. Sinclair Harding, of Cheltenham, makes no more than 20 clocks a year and, at the Basle fair introduced a new model, a skeleton sun and moon clock, plated in gold and priced at around £8,000.

Watches have become the great fashion accessory, a palpable sign of wealth and taste. They are now traded regularly in the salerooms, a service to sellers who want to cash in *expensive watches that might* seem, to them, dated: or they might have been given a newer model. You can acquire a recent Breguet, Rolex, Cartier, Audemars Piguet or Patek Phillipe watch for perhaps half its retail value. An older watch would be even cheaper.

A good solid pocket watch, a hunter, made in the late 19th century by the celebrated *Charles Frodsham, can still* be bought for less than £4,000, and will prove a reliable friend and an agreeable heirloom.

In the past year, jewels have become second only to Impressionist and modern art as a money spinner for Sotheby's and Christie's. In 1993 Sotheby's brought in $475m from *jewels sales and Christie's* $358m. In 1970 jewels were an insignificant sector.

The great majority of the trade is in stones, mainly diamonds, with a few rich dealers, especially the Saudi Arabian Sheikh Ahmed Fitaihi, buying the most expensive stones, including the $11.88m he paid for a 100-carat diamond at Sotheby's in November.

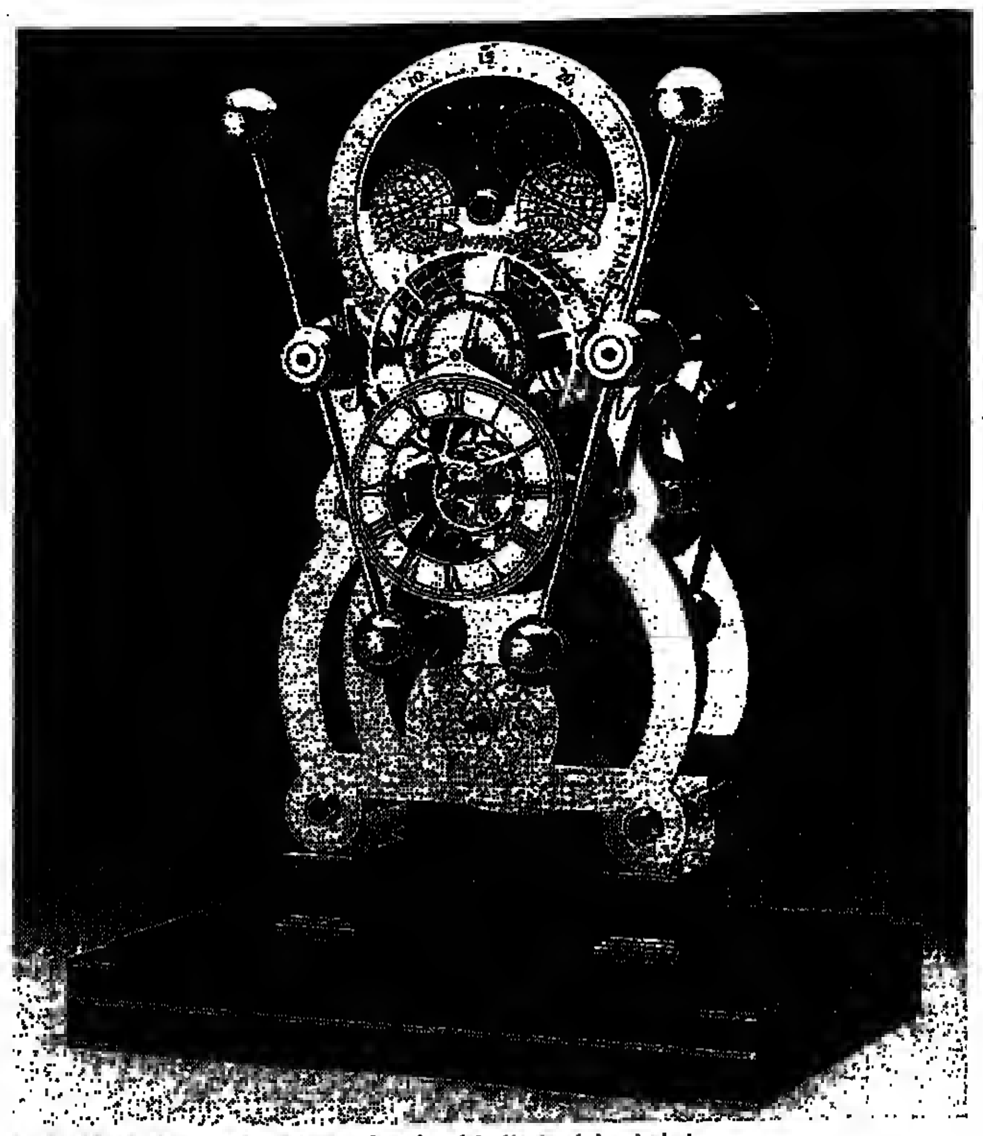
Most of the buyers are Arabs, followed by Chinese and Latin Americans, and there is an undoubted investment element behind the competition of the last two years.

But high prices for stones *has a knock-on effect on* jewellery. Salerooms have done their best to promote their involvement, stressing that as well as glitzy events at Geneva and St Moritz they also hold auctions, such as the evening "Colonnade" events at Sotheby's, the sales at Christie's South Kensington, Phillips and Bonhams, where lots usually sell for £2,000 or less.

More private buyers are daring to take on the dealers in the saleroom and are acquiring jewellery, from 19th century to contemporary, at modest expense.

Although the auction houses offer *clocks*, watches and jewels at wholesale prices many people still prefer to collect with a dealer holding their hand. Good dealers are keen to offer impartial advice; they guarantee the authenticity and condition of the goods, which is so important with antique *clocks; and they will often* agree to buy them back.

A specialist clock dealer, such as Anthony Woodburn, of Tunbridge Wells, Kent, also often has its own sources of snpply, and can offer a year-round service.



A 'new antique'. A moonphase sea clock, based on John Harrison's horological breakthrough of 1759, made by Sinclair Harding

While English furniture has generally ridden out the recession well, clocks have remained in their specialist ghetto. Why people keen to acquire 18th and 19th century tables and chairs, dressers and *desks*, should baulk at buying an antique clock is not clear. Perhaps their sheer size counts against substantial late 19th century longcase (grandfather) clocks, but bracket clocks, carriage clocks, mantel clocks and lantern clocks and chronometers provide charm and utility.

It is probably the mystery of the inner workings that deters potential collectors. But there has never been a better time to acquire an antique clock, either in the euphoria of the auction house, or after careful consultation with a dealer.

Necklace of white gold and apophyllite crystal set with 22 baguette cut diamonds, in all weighing 5.7 carats. Designed by Jul B Dizon of the Philippines and one of the winners of this year's De Beers Diamonds International Awards.

A token of love, a sign of trouble

***Lucia van der Post** takes a close look at diamonds*

Since time began, the point of jewellery has been swank and status. After all, who really needs a bit of carbon, even if it is absolutely pure and extraordinarily old?

I know ... it is often quite exquisitely made and sometimes the skill and craft is so dazzling that only a museum exhibition all its own will do it justice. But the art is never the real point. It is almost never the chief impulse behind the making and the buying.

Now you might have thought that during the recession, few would have had much inclination, let alone the cash, to indulge in things so fundamentally unnecessary. You would be wrong.

Over at de Beers they are quietly pleased. The last 18 months have been good to diamonds. There have been a few awkward moments when supply vastly outstripped demand and the dreaded quota system (which restricts the number of diamonds that de Beers' Central Selling Organisation agrees to buy from suppliers) had to be brought into play. But recently the performance of diamonds at auction has outperformed all the financial indices (let alone sales of Impressionists and Old Masters) by a wide margin.

At auction, prices in the flawless D stone category have moved from £28,500 per carat to about £42,900 a carat. Laurence Graff, who deals almost exclusively in the largest, flawless, most rare, stones (which means that his customers are almost exclusively foreign) has recently bought back for $350,000 (£240,000) a five-carat blue diamond that he sold 15 years earlier for $60,000 a carat.

Last November, in a Sotheby's Geneva sale, a flawless rectangular cut diamond of 100.36 carats earned the soubriquet of the most expensive jewel ever sold, when an anonymous buyer parted with £8,028,603 to own it.

All this leads experienced watchers to conclude (as if we did not know it) that we live in turbulent times. Sales of stones are far more closely linked to the needs of the rich to have their wealth in a tiny, portable, instantly-accessible form, than it is to the mysterious movements of the romantic heart.

Buyers of these huge investment pieces are supplied mainly by three areas – Saudi Arabia and the Gulf States, Hong Kong, Singapore and Taiwan and Italy – all of which have problems of a sort and many of whose inhabitants would like, if they could, to be able to move themselves and their wealth about at the drop of an invasion or an unsympathetic bit of legislation. These are the buyers who keep up the prices for the purest, finest, biggest gems. As always the motto is that if it is investment and resale value you are want, invest in the best you can afford.

We have only to think of the Romanoffs, the German jews, the Emir of Kuwait (who packed much of his considerable wealth into a rucksack), to realise that exile with millions in one's overnight case is an infinitely more agreeable prospect than exile with all one's assets left behind.

But while these sort of purchases fuel the headlines and provide a background of glamour and intrigue, it is the humbler buyers of more day-to-day jewellery who keep the jewellers in lunches.

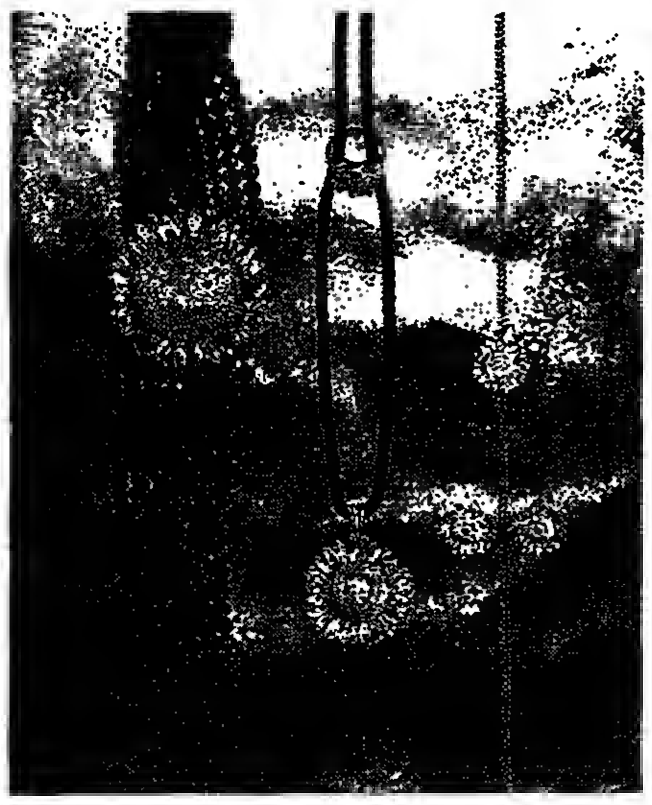
All through the recession the business of living has gone on – deals may have been thin on the ground but troths have been pledged, anniversaries celebrated, babies ushered into the world and important milestones reached. Jewels to celebrate these events provide the bread and butter of the jewellers' business. So even in 1992 (the last year for which figures are available), when the recession had barely begun to recede, 55m different diamond pieces, worth an average of just under $750, were bought worldwide.

Take engagement rings – so strong is the custom that in the English-speaking western world more than 70 brides in every 100 are given a diamond engagement ring.

Standards of design have risen enormously – it is fashionable these days to bash big corporations but it is hard to over-estimate the influence that de Beers' annual international awards have had on diamond jewellery worldwide.

This year's collection of award-winners displays an astonishing range of different techniques, styles and settings. For technique, take the flexible bangle designed by Jennifer Bloy and made by Matthew Cambery which is the winner of the UK section; for styles, compare the romantic, almost old-fashioned diamond and platinum brooch designed by Yuko Nakajima of Japan with the chunky necklace of white gold and apophylite crystal and diamonds designed by Jul B Dizon of the Philippines. Nobody, after looking at the dazzling collection (which they will be able to do at Christie's, 8 King Street, London SW1 from May 5-13) could possibly think that the diamond business is moribund.

But jewellers report that while buyers are still there (and indeed never went away) these days they are infinitely more knowledgeable and twice as cautious.



Some of The Asprey Sunflower Collection: prices start at £345 for a ring, earclips start at £580

At Asprey of Bond Street, for instance, a boutique collection was launched for the first time. A boutique collection is a fancy name for a lower-priced range which its devisers hope will attract not just the eye of a love-lorn suitor but also the hard-earned cash of the successful career girl who buys for herself. The Sunflower collection has been a huge success – partly, it seems, because there are pieces, such as a pair of ear-rings, that cost as little as £350, and partly due to the interest generated by offering a large new, accessibly-priced range of designs.

Jewellers everywhere report that although the business is there, they have to work harder to get it, that people are more selective and have to be persuaded that they are buying real value. However small the purchase, customers like to know that it is a real carat or proper gold.

At Boodle & Dunthorpe, a jewellery chain that started with shops in Liverpool and Manchester and now has two London stores (one in Knightsbridge and one in Bond Street) they generate interest with exhibitions, with designer promotions and by taking care to offer pieces that, however inexpensive, have something of quality about them.

Tastes have changed – there seems a greater fondness for the more discreet look of platinum, for burnished rather than yellow gold, for simpler pieces that can be worn through the day as well as by night. Stores such as Tiffany, which always have wearable pieces that career girls can buy for themselves and wear from the school-round in the morning, through the boardroom meeting and on to the opera or to dinner, have done steady business all through the recession.

A small, but important, submarket has risen around the popularity of body-piercing with the international young, and diamond studs continue to be among the most popular of jewellery buys.

As always, whether it be restaurants or holidays, cosmetics or jewels, the message seems to be – offer value for money, work hard and listen carefully to the customer, and even in the direst of times, there is business to be done.

Little pieces of old magic

***Vivienne Becker** considers the continuing allure of antique jewellery*

When it comes to buying diamonds and gemstones, investment value and quality are what buyers seem to look for. But when it comes to antique jewellery different considerations come into play.

Jewellery as pure ornament, jewellery for art's sake, seems to be making a comeback. Strong design that reeks of its era, of all periods and styles, fine craftsmanship, inventive use of luxurious materials, and above all, charm, are what canny connoisseurs of antique and period jewellery are searching for; and they are prepared to pay handsomely for these ingredients when they find them. The relentless hunt for quality is more than ever the central theme of the antique and period jewellery market.

Last year was a turning point for fine jewellery at auction. Jewellery appears to have been largely recession-proof, certainly at auction. The problem in the trade has been one of acute shortage of the right goods to appeal to an increasingly discerning clientele. Last year saw a growth spurt, with an influx of fresh goods on the market, all culminating in the well-publicised shattering of world records for diamonds and diamond jewels at the Geneva sales last autumn.

This year looks set to be the year of the jewel rather than the gem, with more emphasis than ever on design, provenance and romance. In fashion terms, jewels of wit and whimsy are taking the place of flamboyant, flashy adornments. Jewellery wearers want individual, meaningful, beautifully made jewels that are reminiscent of their original, magical roles.

The forthcoming Geneva sales point in this direction. The chart-toppers this spring are period pieces rather than rocks: Sotheby's is selling a ravishing high-society collection of Duchess of Windsor look-alike jewels that belonged to Helene Beaumont, the 1930s Riviera raver, masses of superb Van Cleef & Arpels rippling with ribbons of sapphires, emeralds, rubies and diamonds; while Christie's concentrates on classical jewels from a European Royal family; and Phillips parades a dramatic 1920s Egyptian revival Cartier creation.

Victorian jewellery featuring cabochon garnets surrounded by a George II gold mounted miniature frame (£4,750) from Bentley, New Bond Street

It is a trend that is permeating all levels of the market, from the top to the middle range of collectable, wearable decorative accessories, where, for example, 19th and 20th century jet and amber jewels, long rows of soft-toned beads, antique crosses, all totally *à la mode* are being snapped up by fashion followers.

In the realm of the true collector's item, selectivity rules. Only the best and the rarest will do, and preferably with an impeccable background, collectors would rather bide their time, saving their money for the big one.

At Bonhams at the end of last year, prices for jewels by Victorian art-jeweller, Carlo Giuliano went through the roof, as hungry buyers, chasing fresh goods with an unimpeachable lineage, paid more than twice the generous estimates for purest Giuliano style: a star sapphire, enamel and diamond parure reckoned at a generous £20,000 to £30,000 made a staggering £46,200.

Although a name alone is not quite enough these days, a jewel has to stand up for itself. Customers are still generally prepared to pay a premium for a good signed piece. Cartier is still *the* magical name, synonymous with a lost and longed-for era of gracious, glamorous living. Van Cleef & Arpels packs a pretty good punch too, each jewel a blissful package of superb gemstones and haughty high-fashion.

Boucheron, Chaumet and the grand jewel houses are also seen as evocative seals of quality and style, although slightly less well known names are creeping up, particularly Lacloche and Ostertag of Paris, both known for 1920s and 1930s rich, orientalist opulence; Mauboussin, who epitomises the 1940s; and Sterlé's energetic animals and wild birds with shaggy gold chain manes, wings and tails which typify the look of the 1950s.

The baroque and rococo creations by high-society jewellers Verdura and Schlumberger, the genuine originals from the 1940s to the 1960s, are rare and prized by collectors as 20th century classics. The designer jeweller age of the 1960s is slowly attracting a more appreciative audience; names to conjure with include Grima, the British designer of prickly explosions of gold and crystals, or David Webb, instigator of the chic Jackie Kennedy image, all green enamel frogs and door knocker lion's heads bangles.

Fashion is influencing trends in the period jewellery market: crosses, particularly Chanel-style Maltese crosses and Edwardian and Art Deco cufflinks are selling well, and the Japanese have a penchant for pretty bejewelled pocket watches. Tie pins with all sorts of interesting and unusual motifs and gemstones, worn as lapel pins by women, or several at a time on a waistcoat, provide a relatively inexpensive introduction to antique and 20th century jewellery.

Sandra Cronan of Burlington Arcade, who sells decorative wearable jewellery, medieval to mid-20th-century, sees a trend towards rich gold Victorian jewellery set with stones such as amethysts and carbuncle garnets.

"People are more positive and confident now," she says, "daring to wear bigger and bolder antique jewellery in order to make a statement."

Animals and insects are more popular than ever, from a delicate Regency coloured-gold butterfly, symbol of the soul, to a little pair of Edwardian owls on a crescent moon and a 1940s bird of paradise in shrieking colours. Charm, apparently a rare commodity these days, with a generous dollop of sentimental symbolism, sells every time. Perhaps it shows a new recognition of the universal need to have small, personal, magical or amuletic objects around us.

The bizarre appeal of 'Princess Babs'

Antony Thorncroft asks the ultimate question: is Streisand worth it?

Everything is odd, different, alarming, slightly bizzare at a Barbra Streisand concert. It is odd that the singer has the hair of an Afghan hound and the face of a borzoi; it is different that the audience manages to move its collective body slowly in time to music without a suspicion of rhythm; it is alarming that the workmanlike bars of Wembley Arena are selling champagne and smoked salmon while the merchandising stalls offer gold stamps (whatever they might be) for £80 and crystal paperweights for £40; and it is bizarre that my seat cost £260.

That is the ultimate question: is she worth it? For much of the time you feel that she should be paying you to listen to her life story. Streisand has spent a fortune on shrinks who fulfill exactly the same role as an audience. This enables her to say very puzzling things like "it cost me millions to be able to sing this song but it was worth it" before slipping into "On a clear day", not many people's idea of a spiritual challenge. Is any song worth that, you wonder ? Aren't you glad you can take it or leave it.

Shrinks are not just throw-away jokes. They are a major part of the act. Streisand talks to them, and they ask pre-recorded questions on tape in that bored, non-committal, petulant way that psychiatrists adopt. They are important players in what is basically a two hour dissection of the Streisand life, from Brooklyn baby to committed millionaire.

With this amount of investment in self-awareness you can choose your own personality and Streisand seems to have settled for "Jewish Princess". In a striking opening image to the show she steps on to a balcony (which leads down to a vast drawing room, all white drapes and busts of Shakespeare, the kind of set favoured by Liberace in his more louche phase), and stands drowning in applause, like a Royal in the days of deference.

In her chat she refers to meeting Prince Charles (and, yes, there they are sharing a cup of tea in one of the many film clips that flesh out the evening) and she confesses that only committment to work prevented her from charming him into courtship. "Can you imagine it. Princess Babs, the first Jewish princess".

We don't have to imagine; it is there before us. Watching Barbra Streisand excercises the same kind of morbid fascination as when you come across a Royal going about their business. It is a mix of total confidence in her own fascination, combined with an uncanny lack of confidence in her performance. She cannot appear on stage without suspended idiot cards giving the words to songs she has sung a thousand times; spelling out the jerky dialogue, written with all the imagination of a diplomatic communique. She shares our wonder, and admiration, that this ugly duckling has become the highest paid entertainer in the world.

As for the actual show: on the credit side the Streisand voice is surprisingly good, and she hits the top notes like a sledge hammer. But she puts little feeling into some of the most beautiful ballads of all time ("Lover man", "Can't help loving that man of mine") and for a Broadway legend she is low on energy and there are few up-tempo smasheroos to raise the joint. The lighting was unsubtle and the band not totally happy until the cumbersome set disappeared in the second half.

Can it be worth £260? Oddly enough there is such a sense of occasion, a feeling that you are part of an important ritual, that few will have been disappointed. Perhaps it is because you feel that Streisand needs us more than we need her. As she sings "now I'm standing centre stage I've come home at last" you agree that for all the money and time spent on therapy, on love affairs, on political aspirations, Streisand only really believes in herself when the audience claps itself into hysteria.

Drama from bestsellers

Andrew St George has mixed feelings about two current adaptations

First Dickens and George Eliot, now John Steinbeck and Fyodor Dostoyevsky are rushing to the stage. All are strong writers with a definite view and a fixed viewpoint; this makes them easy to film but hard to stage. Now in London there are two examples of adaptation: *The Grapes of Wrath* at the Shaw Theatre and *Crime & Punishment* at the Battersea Arts Centre.

Philip Brook and Jane Louise Arnfield in 'Crime and Punishment'

John Steinbeck (1902-68) was not above a little punishment. He once dangled a recalcitrant girlfriend by her ankles out of a top floor window. The writing, like the life, was direct and uncompromising. His best, *The Grapes of Wrath* (1939) scooped the Pulitzer Prize and the John Ford film treatment.

Given that Steinbeck's American epic splashes the primary colours of American literature over a canvas 2,000 miles long, the 7:84 Theatre Company's production at the Shaw Theatre does well to render the story without losing its sprawling quality. This is the ultimate road book, following the Joad family west on Route 66 from the prairies of Oklahoma to the fruit valleys of California. En route, the family faces death, hunger, unemployment and humiliation. Some travellers break off, others stick with it; there are funerals, floods and famine. The large Shaw stage is throughout filled with the hopeful family, but clears for the closing scene of a childless woman breast-feeding a starving man.

The adaptation scores with the set, like the inside of an orange crate, the light seeping through from the back, and an understage stream (for the excellent flood scene); the Joads' car is a sensible trolley with headlights and a radiator, and all the other scenery is light and shadow. The acting – particularly Paul R. Meade as Tom Joad and Tom McGovern as the ex-Reverend Casy – keeps the action tense; there is a fine performance from Anne Kidd as the matriarch of the Joad family, the strong reliant woman found everywhere in Steinbeck's fiction.

For all its qualities, this staged *Grapes of Wrath* has little of the book's power or the film's scope. The production misses Steinbeck's unremitting outrage at the careless economic forces pushing the Joad family further from itself; and it misses the beauties of Steinbeck's visceral prose. There is a narrator and a group of musicians who speed the action along, but they rarely step over the divide between literature and theatre.

Iain Reekie's direction finds Steinbeck's strengths: the moral shoot-out, the loss of self-belief, the search for friendship; but they are too loudly treated. The play lacks quiet, powerful moments. "Most people", wrote Steinbeck in his unpublished 1933 Journal, "do not like themselves at all, do not even know themselves well enough to form a true liking."

Enter Dostoyevsky (1821-81) and his self-tormenting hero Raskolnikov at the Battersea Arts Centre. This production, by Red Shift, amounts to the hi-volume cartoon version of the 1856 Russian classic. It works by selecting rather than including, so swathes of the novel are rightly unrepresented, but at the expense of Dostoyevsky's impact. This is the play of the detective novel inside *Crime & Punishment*.

Jonathan Holloway's adaptation is subtitled *The Killer's Story*; it lasts 135 minutes and keeps the action to four characters: Raskolnikov, Razumikhin his friend, Sonya his lover and Porfiry his nemesis. Gone are the Marmeladovs, but purists will be happy to know the scene where Marmeladov is crushed to death finds a place. Other parts are played in latex masks, and the action concentrates on the duel between Porfiry and Raskolnikov: "a murder is incomplete without detection, a murderer incomplete without punishment."

The finest scene is a dream sequence of Raskolnikov murdering the old woman and her sister, darting into the flat, stealing her pearls, avoiding detection. The scene plays backwards and then forwards to nervy and nagging music. The cast (particularly Tristan Sharps as Porfiry and Philip Brook as Raskolnikov) deliver with point and verve, and Holloway's direction keeps the action scooting around with walls and doors on plinths.

But this touring show has none of the quiet, daily horror of *Crime & Punishment*; it lacks the calm concentration essential to the story. Red Shift has produced a good introduction to its fine brand of innovative theatre, but not to Dostoyevsky.

The Grapes of Wrath: Shaw Theatre (071 388 1394) until 30 April; *Crime & Punishment*: Battersea Arts Centre (071 223 2223) until 14 May. Both then go on tour.

By the millennium the new Bankside gallery will house the likes of the Tate's 'Draped Nude' by Henri Matisse, above

Museum for our time

As the Tate expands into Bankside, William Packer applauds the principle but wonders where it will all end

So Bankside it is. Last Thursday the rumour of recent weeks was confirmed, that after months of agonising the Tate's Trustees had opted for Sir Giles Gilbert Scott's monumental power house on the Southwark side of the river, opposite Saint Paul's, and that London at last was to get its long-awaited, much-needed Gallery of Modern Art. Long-awaited indeed, for the possibility was mooted the moment the Tate immediately out-grew its extension of the mid-1970s. But much-needed?

The answer has to be a resounding Yes – that is if we accept the need for national museums of any kind. And the reasons are of principle rather than circumstance. There are, of course, countless justifications of opportunity – the inaugural press-conference rang with them – from the incidental conservation of a great building; the creation of jobs within the local community and the regeneration of the locality, to the encouragement of investment in the City; the stimulation of international cultural tourism and the great exhibitions that might at last come to London. As it is, the Tate Gallery and its satellites at Liverpool and St Ives already attract some 2.5 million visitors a year, and the new gallery would expect to achieve nearly 2 million a year on its own account within five years of its opening in the year 2000.

Such arguments are perhaps the more immediately persuasive, certainly to ministers and councillors, sponsors and administrators. Enabling practicalities, spin-offs and pay-offs are not to be sniffed at. But all this is secondary: the first and only reason why we need a museum of modern art at all is because art is always with us, and all true art is modern art in its time.

We would betray ourselves if we had not the confidence to look critically at the achievement of our own times and to hold it in trust for the future to form its own judgment, just as we now value what is left to us of the past. The problem is only that the field is so vast. Here is the opportunity to address the job properly.

The Victorians never had difficulty in seeing themselves and their achievement in the light of history, and the National Gallery had happily been hanging contemporary British painting in the context of the older European schools. But by the end of the century the British collections had grown too large to hold at Trafalgar Square. Sir Henry Tate's Gallery was opened in 1897 as our museum of British art, from the 16th century to the present, and has gone on collecting British painting and drawing, prints and sculpture ever since. In monitoring the currency of activity, however, it has always been necessary to acquire far more than could ever be shown at once.

If that created a problem just with British art in the 20th century, by how much more was it increased as the collections were extended into international fields. The process was slow at first, and piecemeal. The first Degas came in 1916, Monet in 1926, Cézanne in 1927, Van Gogh, Picasso and Matisse in 1933. Only since the war, with regular purchase grants available from central funds, have both the British and international collections been able to grow more by policy than by the happy chance of gift or bequest.

Thus the Tate has been doing three things at once: maintaining the historic collection of the British School; continuing to monitor its current development within both British and international contexts; and establishing a comprehensive collection of the international art of the 20th century. Each of these duties is incremental: all are heavy in the demands they make in money and space.

The colonisation of Bankside will allow scope for the comprehensive presentation of 20th century art, with the British School taking its proper place. The Tate at Millbank will be free once more to present the British School in its historic development, from the earliest to the latest moment. What actual policies will emerge, and whether they will be generously catholic or conventionally avant-garde, remain to be seen, but such caveats in no way moderate the splendid opportunities that now present themselves.

But time runs on, and art won't stop. The question remains hanging in the air: will our descendants of the mid-2090s be looking at yet another redundant edifice – Canary Wharf perhaps, or Terminal 4 – as a home for our national collections of the art of the 21st century, with all their special needs of jiggery and pokery and, above all, space? And will they be as excited, as we are at the prospect of Bankside? We shall see.

BOOKS

Into the vortex of this perilous abyss

*As Lloyd's Names count their losses, **Richard Lapper** considers the historical roots of the recent crisis*

The difficulty in writing now about Lloyd's of London is that the final chapters of the insurance market current crisis, the worst in its 300 year history, have still to be played out. Yet *Ultimate Risk* by Adam Raphael is a clear and entertaining history which helps explain the depth of the market's problems.

Raphael, a loss-making Name himself, is properly critical of the past incompetence and inefficiency of many of the market's underwriters and agents, and of the regulatory weakness of Lloyd's council itself. But this is a balanced account, mercifully free of the conspiracy theories which have bedevilled some recent analyses. Indeed, Raphael writes: "What is remarkable in a market driven by money, where opportunity for dishonesty is rampant, is not the surfacing of the odd fraud and the odd failure, but how infrequent they were."

Historical detail also helps puts the current crisis into perspective. Certainly shattering losses are nothing new for Lloyd's. For example, after a British merchant convoy was sunk off St Vincent in August 1780, half the market's underwriters went into bankruptcy. A commentary by John Weskett, a market veteran of the time, could serva equally well to describe the situation two centuries later: "We see not a few instances even of tradesmen, shopkeepers, etc, lured by the golden, but delusive bait of Premiums, especially in time of War, drawn like Gudgeons into the Vortex of this perilous Abyss, Insurance."

Early losses paved the way for tha consolidation and modernisation of the market. In the same way the Lloyd's scandals of the 1970s and early 1980s, the Savonita, Sasse and PCW affairs, underlined the inadequacy of the market's regulatory framework and provided the impulse for the reforms of 1982 and 1987.

This modification of self-regulation proved inadequate. Lloyd's was impotent to control the mistakes and failures which led to the rapid growth of highly speculative reinsurance business during the 1980s, to which thousands of Namea "mostly of middling wealth" were attracted. Syndicates managed by agencies such as Gooda Walker and Feltrim were swamped when the market was hit by catastrophes like Piper Alpha – the North Sea oil rig explosion – in 1988 and hurricane Hugo – in the Caribbean – in 1989. Nor were the reforms sufficient to help Lloyd's cope with the unexpected and rapid increase in insurance claims from pollution and asbestos-related diseases.

ULTIMATE RISK
Adam Raphael
Bantam Press £16.99, 336 pages

The scale and severity of these recent losses has prompted a new period of reform. Raphael says of the arrival in 1992 of an interventionist chairman, David Rowland, and an unconventional chief executive, Peter Middleton, – a motor cycle riding former monk and diplomat – "signalled a new era". Inevitably the latter chapters of the book – in which the record of the new regime is assessed – suffers from the fact that the events described are still unfolding. Already the market's loss for 1991, which Lloyd's will report next month, is now expected to exceed £2bn, for example.

Later this year Lloyd's should know whether it will be possible to set up NewCo, an ambitious new reinsurance company into which it will transfer billions of pounds in asbestosis and pollution liabilities. Decisive developments could also take place in the US as the Clinton administration grapples with the possible changes of superfund laws, which was at the root of the market's exposure to pollution claims.

Raphael acknowledges the importance of the new source of funds, but amid the clutter of day to day detail, these developments receive less reflective consideration than is warranted. For if the new regime is eventually successful in its efforts, the introduction last year of some £800m in corporate capital will be seen as a significant achievement, marking a decisive break with past traditions and habits.

Raphael's account is inevitably sympathetic to the plight of the hundreds of investors whose lives have been ruined by their losses. Readers may quibble with the assertion that the fate of Names has evoked little sympathy in the press and that much recent comment has been motivated by *schadenfreude* – the joy that comes from watching other people's misfortunes. But fewer will argue with the claim that a settlement with the loss-makers is a necessary precondition for future recovery.

At the end, though, Raphael hedges his bets. "Lloyd's will probably survive, albeit in a very different form," he says. "The biggest financial smash this century is a possibility that cannot be ruled out. Yet the market has professional skills, a world famous brand name and an institutional resilience which should not be underestimated. The charge sheet is long, the obstacles ahead daunting, the recent history shaming, but the last act has still to be played ... The show ain't over until the fat lady sings."

Class, competition and killer instincts

A.C. Grayling on a history with a Freudian slant

Peter Gay is an historian on the grand scale. His natural form of expression is the magisterial multi-volume survey of the culture of an age, as in his prize-winning two-volume history of the Enlightenment, and his four-volume account of 19-century middle-class culture, *The Bourgeois Experience, Victoria to Freud*.

Gay has of course written single-volume books, but he prefers a larger canvas. The reason is simple. All writers accumulate masses of material in the course of research. Most then select, as judiciously as they can; but some, loth to waste, invent a reason for including everything. Gay is a leader in this latter school. The result is fascinating but – because of the implausible unifying framework into which the great miscellany is crammed – tendentious.

This volume is the third of Gay's *Bourgeois Experience* series; the fourth is yet to come. Gay describes his project as an exploration of 19th-century middle-class culture based on the Freudian categories of sex and aggression, and in the first two volumes he discusses Victorian sexual attitudes and practices. In this volume he employs the notion of aggression as the key to explaining almost everything else.

The fact that the whole enterprise is based on the implausibilitiea of Freudian doctrine immediately puts one on guard. "My aim," Gay writes, "is to integrate psychoanalysis with history." The psychoanalytic acheme of human nature is, at bottom, simple: it is premissed on the thesis that an infant sexually desires its parent of the opposite sex, and is therefore hostile towards, because jealous of, its parent of the same sex; and that because neither the desire nor the hostility is acceptable, internal conflicts arise. Thus the wellspring of human nature in the gospel according to Freud; and thus – in Gay's hands – the key to Victorian bourgeois culture.

In this volume, *The Cultivation of Hatred*, Gay invokes Freudian views on aggression to justify bringing together a wide range of subjects: social Darwinism; racism; concepts of manliness; debates about crime and punishment; developments in politics; views of women; the nature and use of humour; the growth of interest in sport; and progress in education and science. When Gay tells us straightforwardly about these aspects of 19th-century culture he is spellbinding; there are few historians working today who write so knowledgeably and elegantly. But when he theorises; when he psychoanalyses not a particular Victorian, but the whole of Victorian culture; when he borrows from Freud a single explanation to tie together all this diversity of material – he fails to persuade.

THE CULTIVATION OF HATRED: THE BOURGEOIS EXPERIENCE VICTORIA TO FREUD
by Peter Gay
HarperCollins £25, 684 pages

The reason is simply stated. To adhere to his Freudian schema Gay has to believe that not only are fighting and quarrelling expressions of human aggression, but so also are debate, dialectic, disagreement, competition, and negotiation; more, that progress – for example in science and education – is also generated by aggression, although this time "constructive aggrassion", since it flows from attempts to gain mastery over the world. So practically everything comes down to aggression as source and motive.

The problem with Gay's thesis is displayed by a characteristic claim. "It was a striking feature of 19th-century culture," he writes, "that influential justifications for *aggression* relied on what their partisans advertised as scientific proof. The alibi that *conflict* is necessary and desirable greatly benefited from such claims. Its apologists proudly asserted that the case for untrammslled *competition*, whether in the economic, the social, or the military domain, was susceptible of demonstration" (my italics). Here we slide from aggression to conflict to competition, as if they are the same thing; and we have "social competition" and "military competition" lumped together, as if the two kinds of competition are indistinguishable.

It is not merely that these generalisations are wildly too sweeping; it is that they embody a conceptual confusion: for not all conflict is aggressive, and not all competition involves conflict. If, however, one ignores the scaffolding of implausible theory, what remains is a marvellously enjoyable and informative history of 19th-century ideas. One discards the shell to eat a nut: follow this course here, for in all other respects this is a volume – a series – to have on one's bookshelves.

Nonzamo Winnie Mandela, wife of Nelson Mandela, under house arrest in 1977: one of many stark images from 'The Legacy of Apartheid', a compilation of photographs, contemporary analysis and news cuttings from The Guardian newspaper over the past 46 years. The book, edited by Joseph Harker with contributions from Nelson Mandela and Desmond Tutu, records the creation, maintenance and collapse of South Africa's racial segregation policy and focuses on the suffering and courage of those who opposed it. (The Guardian, £19.95, 214 pages)

Fiction

Drawn to adventure

The "Adventure Novel" has been a breed of its own for a century, and should never be underestimated: even today it keeps to its own territory and must not be confused with the "thriller" or the crime story. Rider Haggard and Erskine Childers did not write thrillers, as their successors will insist. At best, adventure novelists can achieve the peaks of literature; most of them, of course, produce rubbish.

Frederick Forsyth made his name for all time with *The Day of the Jackal*. Before that he had been a struggling journalist. Here he produced a tale of high drama which hinged on the utterly unsuspenseful issue of whether or not General de Gaulle would be assassinated. We all know that De Gaulle survived; astonishingly, Forsyth made us read through the night to discover that we were right. That takes high skill.

Since then, Forsyth has produced bestselling "faction". He has a formula. He takes a contemporary drama (*The Odessa File, The Dogs of War, The Fourth Protocol*) and he spins a tale to which he attempts to give credence with a semi-journalistic, authenticating detail. We buy him because we begin to be persuaded that he is telling us the truth behind the headlines.

One of these days the ploy will falter. His new one, *The Fist of God*, takes us closer to that moment. This is the Gulf War; the arms dealer Gerry Bull is murdered; the SAS is launched behind Iraqi lines.

Freddie Forsyth's trick is to confuse fact with fiction. Thus, he starts with a ten-page biography of Bull which might have come out of the FT; he paints a professional picture of Operation Storm. And then he cheats – he slipa into his account a fictional element (in this case to do with the Supergun): that gives him his novelist's "plot".

It has become ever clearer over the years that Forsyth has no interest or skill in the essential talent of the novelist – that is, the drama of human relationships – and I rather hope that he, and Len Deighton, will soon feel able to return to straight journalism. And I wonder what Paul Henderson will make of this latest distortion of the Matrix-Churchill story.

THE FIST OF GOD
by Frederick Forsyth
Bantam £15.99, 494 pages

TO THE WHITE SEA
by James Dickey
Simon & Schuster £14.99, 275 pages

KOLYMSKY HEIGHTS
by Lionel Davidson
Heinemann £14.99, 448 pages

James Dickey is everything that Forsyth is not. He is a good American poet. He is not at all prolific. He writes a wonderful, taut, elegant prose and talka about physical action with a detail and sympathy that make it, yes, poetry.

His 1970 novel *Deliverance*, which spawned a good film, told of a bunch of buddies whose up-state wilderness trip went badly wrong. *To The White Sea*, so many years later, is a brilliant and beautiful account of the fate of an American rear-gunner whose plane is brought down over Tokyo in the closing days of the Japanese war and who flees for the far north, to the world of snow and mountain which are his natural homescape from his upbringing in Alaska.

It has both the assets and the weaknesses of the "man-alone" genre. Muldrow is the only figure in the book; everything happens through his narration, which inevitably becomes a limitation for Dickey because he allows himself no interrelationships, no other character, no wider context, in contrast with the achievement of *Deliverance*. Nevertheless, Dickey's new novel deserves comparison with Geoffrey Household's *Rogue Mole*, and that is, obviously, my great compliment.

Lionel Davidson is also gifted and unprolific. Many years ago he wrote brilliant adventure novels lika *A Long Way to Shiloh* and *The Night of Wencesias*. Then he slowed down. After a 12-year silence, *Kolymsky Heights* is just about worth the wait.

The scene is Siberia – in enormous detail – and a secret research station where all sorts of dastardly things are being attempted with the genetic breeding of apes. The Canadian-Indian hero, Johnny Porter, who is fortunately a linguist *sans pareil*, has to be infiltrated into the permafrost.

The blurb foolishly quotes Forsyth in comparison. There is no need. Davidson has always been the superior. But, like so many of these adventure novels these days, *Kolymsky Heights* goes on too long. I cannot be alone in asking these writers to cut short their shuddering, extended climaxes. Go back to Haggard and Stevenson to see how it can be done, with a brief, brisk and very satisfying bang.

J.D.F. Jones

Building castles in the air

There are people, I am told, who cast themselves off cruise-ships or harm themselves with knives if they hear the name Lisa St Aubin de Terán. For these folk, Lisa St Aubin de Terán is a literary tutti-frutti whose works, including seven novels, are a confection of unsurpassed exoticism, pseudiousness and feyness.

Not me. I like exoticism. And I admire her work because it reminds me of high-quality chain-mail: vulnerable, seemingly, to the mace of brute criticism yet beautifully crafted when examined close up.

A Valley In Italy is the story of one of her romantic obsessions: to discover, and rehabilitste, a castle or grand villa in which she could live. She had a mental picture of her ideal property which she had carried with her since schoolhood: a house so huge that that she could move from empty room to empty room without disturbing anyone. The only constant features in her dream image were "a pillared loggia, a stone arch, a terracotta balustrade and a line of sentinel cypresses." So far so mimsy.

Ths business with the Villa Orsola – its Herculean reconstruction and the money it devours – will please anyone with a liking for homes and gardens on the grand scale; or anyone who loves Italy. When she got to grips with it, she discovered it was a ruin: no electricity, no water, no windows, no doors and a serious gap in the roof.

But the charm of *A Valley In Italy* – its subtlety and sensuousness; the skill with which the author evokes the quality of Umbrian village life – ought to win it a far wider readership than the mimsy or ex-pat sets.

She is extremely good on characters, not just important ones (the workmen, her children) but the walk-ons, such as Regina, the friendly yet powerfully-bicep'd proprietor of a village bar, who emerges, on being called, from a wine cellar, muttering something to a chicken she is holding by its feet.

"When we asked for *cappuccino*, she looked momentarily nonplussed. After a few seconds of deliberation, she casually knocked the chicken against a petrol pump beside us, tucked it under her arm to still its shuddering death throes and made her way up some stone steps to the first floor. Ten minutes later, she re-emerged with ... two cups of *cappuccino*".

The villagers all help her, even though the author had been warned that Umbrians were bandits and peasants who never salted their food, couldn't cook, suffered from goitres, lived in huts and were prey to poverty, bears and wolves.

A VALLEY IN ITALY
by Lisa St Aubin de Terán
Hamish Hamilton £15.99, 224 pages

Would-be travel writers could study, with great profit, the coiled energy with which she communicates, in just a few sentences, the way that the nearby city of Gubbio impressed itself upon her.

For hours, until nightfall, she ran up and down Gubbio's hundreds of steps, growing heady with the wealth of sights, pictures, churches, frescoes. Finally, she leans against the cold stone of a balustrade and finds herself memorising the floor of the Piazza della Signoria "lying in herring-boned obeisance" at the feet of the view across the plains to the mountains beyond.

There should be more people in the world like Lisa St Aubin de Terán and fewer like – oh – Douglas Hurd (imagine *him* without shoes on, stooping to pick lilies). More exoticism. Greater oddness. Feyness now and then. This is a quietly splendid book.

Michael Thompson-Noel

A forestful of fantasies

Sigmund Freud died of cancer of the jaw in Hampstead in 1939. D.M. Thomas's novel is in the form of a memoir supposedly written and dreamed by Freud in his last morphine clouded days. He was nursed by his daughter Anna, the renowned child psychoanalyst, then in her forties, and much of the book's focus is on Anna, whose life was consumed by her father. This is not the first time Thomas has used Freud in a novel: the "father of psychoanalysis" checked into the notorious White Hotel.

Eating Pavlova will annoy Freudians and confirm others in their prejudices as Thomas, acting the ventriloquist, sits on his knee an old goat dummy whose bleatings put a mediocre gloss on his life and work, and who exhibits a mild fixation on corsets and suspenders. On page one the baby Sigmund/Oedipus watches his parents making love and offers this beatitude: "Happy is the infant whose father fills him with a passion for forests by coupling with his bride in full view."

Then there is a long section devoted to Freud re-falling in love with his wife Martha in middle age, a period which provides the novelist with a forestful of sexual fantasies, embellishment and lies. Historic figures, including Jung, H.D. Bryher and Helene Deutsch troop through the narrative and Pavlova dances past in a memory inspired by a dream of her pudding, that confection of meringue and fruit which can so easily collapse into sogginess.

The text is interspersed with fictional hindsight and genuine case histories and a story "written" by Anna, in which she is married to her father. The final scene is touching as Freud, now a guilty ghost, foresees Anna old and alone in the house where she lived on until 1982, and which is now the Freud Museum, but it is tempting to paraphrase another author's title into "Eating Pavlova is Wrong".

EATING PAVLOVA
by D.M. Thomas
Bloomsbury £15.99, 231 pages

UNDER THE VULCANIA
by Maureen Freely
Bloomsbury Paperback £4.99, 139 pages

FISHING THE SLOE-BLACK RIVER
by Colum McCann
Phoenix House £13.99, 184 pages

"What do women want?" asks the ersatz Freud in the course of his adventures. The women in Maureen Freely's *Under the Vulcania* want diversion from unsatisfactory lives and marriages. The Vulcania is a pleasure dome devoted to fulfilling their wildest fantasies. The Hard-On Cafe and the Merry-Go-Vibrator might promise paradise at first, but Freely introduces subtly the nightmarish potential of her palace of varieties staffed by Californian Chippendales. Much of Freely's work, as novelist and journalist, is concerned with balancing motherhood and sexual fulfilment, and here she juggles desire and danger in a tight, astute, depressing and sometimes very funny narrative.

Colum McCann is a young writer who has been hailed as part of the talented new wave coming out of Ireland. *Fishing the Sloe-Black River*, his first collection of stories, shows a poetic and angry observer taking the well-worn path from Ireland to America. As with some of his compatriots, the cadences of Irish speech and expressions add natural poetry to the prose and these stories of exile and loss may possibly have been influenced by the work of Desmond Hogan.

McCann's dispossessed characters, working in mental hospitals, dying of Aids, seeking long lost sisters, are informed by a literariness and myth. The souls of the dead of both sides of the conflict in Ireland turn into swans in Cathal's lake, one of the less successful stories, where an old farmer's rage and pity are patently the author's rather than his own. When McCann eschews magic realism a credible compassion illuminates the squalor, nastiness, brutality and beauty of modern life.

Shena Mackay

Camus cult hits France

An unfinished novel has prompted a reappraisal of this author's work, writes ***Alice Rawsthorn***

When the police trawled around the wreckage of the sports car in which Albert Camus met his death in 1960, they found his diary, a copy of *Othello*, a book by Nietzsche and the first draft of an autobiographical novel abont his boyhood.

The manuscript was littered with crossed-out words, missing phrases and spelling mistakes and Camus's widow, fearful thet it would damage the already diminished reputation of her husband, refused to release it. Last month this unfinished work was finally publisbed, 34 years after the death of its suthor, and it has become an instant best-seller.

In the first fortnight alone, 125,000 copies of *Le Premier Homme* were sold and the publisher, Gallimard, is now rushing out a second edition. The forlorn face of Camus, with his Montgomery Clift looks and metbod actor poses, stares soulfully from the pages of the French press and from posters plastered across the bookshops.

"There's something of a Camus cult in France at the moment," says Antoine de Gaudemar, arts editor of Libération, the liberal-left daily. "He's always been popular witb young readers. But it's only relatively recently that his work has been reassessed by the critics. The success of *Le Premier* is incredible. We've never seen anything quite like it."

The excitement over tbe book is in stark contrast to the status accorded Albert Camus's work at the time of his death. By then, his literary fortunes were at their nadir. He had been lionised by the Paris Intelligentsia wben his first novel, *L'Etranger*, was published in the mid-1940s, but he soon fell foul of fellow existentialists Jean-Paul Sartre and Simone de Beauvoir, then the titans of the intellectual scene.

Their backgrounds were very different from that of Camus, the son of a working class family brought up in the slums of Algiers. The acid entries in de Beauvoir's biographies suggest that he was a little too *arrivisté* for her taste.

"I think Camus was going through a crisis caused by the feeling that his golden age was drawing to a close," she said, when describing him flouncing out of a party after a row with Sartre. "His good lnck had gone to his head. He thought there were no limits to what he could do." The final straw came when Camus refused to join their opposition to French colonial rule in North Africa, the critical issue for the fashionable French left in the late 1950s. He also drew unwelcome attention to the fascism that had followed in the wake of the French and Russian revolutions: the "Prometbeanism" that degenerated into "Caesarism".

By then, Camus's work had also fallen from favour on the wider literary scene. His stark, moralistic approsch was at odds with the more stylised, newly fashionable *nouveau roman* of Nathalie Sarraute and Alain Robbe-Grillet: even winning the 1957 Nobel Prize for literature was not enough to rehabilitate him.

"At the time of his death Camus was a real *bète noire* for the French left," says Florence Noiville, a journalist with *Le Monde*. "His work was also regarded poorly in academic circles. It looked as though he was finished." Throughout the 1960s and 1970s, Camus's literary stock remained low.

It was not until the 1980s that the tide began turning back in his favour when a number of French academics started to reappraise his work. Florence Noiville suspects that Camus's star ross again because of the political changes in the post-Cold War era. "The issues, like the Algerian War, that turned people against him in his lifetime, now seem s long way off," she says. "And his old critics on the left have lost credibility."

Now it is his old foes, Sartre and de Beauvoir, who have fallen from grace. Antoine de Gaudemar is convinced that Camus's ascent is connected to their fading fortunes. "Whenever their currency goes down, Camus's comes back up," he says. "It can't be entirely coincidental." He also believes that Camus'a ascetic style and unrelentingly pessimistic plots strike a chord with contemporary readers. "There's an sthical aspect to his writing that's very appealing," he says. "It'a a style that's difficult to find elsewhere as so many modern French novelists are still locked in the *nouveau roman* mould."

The publication of *Le Premier Homme* has set the seal on Camus's newfound success. The book, which only runs to 144 pages and retains all the errors and omissions of the original manuscript, paints a poignant picture of his poverty-stricken childhood in Algiers. "It's a beautiful piece of writing," says Noiville. "It shows us a vivid, more humane side of Camus that we haven't seen before."

Will foreign readers be as tolerant of the flaws and failings of *Le Premier Homme* as the author's new-found fans in France? The publishing industry seems to think so. Gallimard has received offers for the 16 different translations of Albert Camus's last, albeit incomplete work.

Albert Camus: his widow refused to release his final work. Now, 34 years after his death, it has become an unlikely bestseller

Video/Nigel Andrews

April is the cruellest month

Beginnings are trickiest. I know because I have been staring at a hlank computer screen for five minutes before tapping out "Beginnings are trickiest." And this is just a video column.

What of a book? A symphony? A feature film? How do you make that first scratch on the page/scoresheet/script? The poet who wrote that April is the cruellest month must have had a premonition of this month's video releases. So many of them use that popular opening plot device: death or violent accident.

Krzystof Kieslowski's *Three Colours Blue* (Artificial Eye) starts with a car crash which bereaves its heroine (Juliette Binoche) of her husband and child, awakening her to a new and frighbening "liberty." Made in France, this is part one of the Polish director's *tricouleur* trilogy, soon to be followed hy Equality and Fraternity.

Hollywood's *Forever Young* (Warner), putting the cry into cryogenics, has its hero (Mel Gibson) volunteer for 50 years' deep-freeze after the death of his girlfriend in a street accident (c. 1940). Will he meet her again in the Future?

Then there John Sayles's *Passion Fish* (Curzon), all abont a writer (Mary McDonnell) finding herself after a disabling accident; Andrew Birkin's domestic black comedy *The Cement Garden* (Tartan), in which Dad's demise and Mum's interment in the cellar help four children to grow up in peculiar ways; and, going further back, Nicolas Roeg's *Don't Look Now* (Warner), with a child's death catapulting a couple into a mystical pilgrimage, and Neil Jordan's *Angel* (Channel 4), in which a young man's quest for revenge and self-discovery is sparked by his witnessing of a girl's murder.

Death in reel one is a triple-effect device. It is an aesthetic surprise: you do not expect a story to *begin* with an ending. It is an emotional shock: telling you that your feelings are to be knocked about by this story, starting now. And it leaves the surviving character(s) vulnerable and perversely renewed: so it is a kind of birth.

Kieslowski's film is all about hope clambering forth from the womh of despair. It is shot like a luminous mosaic: memories and fragments from the heroine's life are assembled – a thought, a snapshot, a family chandelier, some lost chords from her composer husband's last work – in s dazzling kinetic collage. And Juliette Binoche's blank face, seeming to hold no emotions itself, becomes a kaleidoscopic reflecting surface for the life animating itself all around her.

Hollywood may not go in for high art, but it knows a heart-tugging device when it trips over one. In films like *Forever Young* the thinking is this: "If we start by giving the hero and the andience something they tbink they can't recover from – and then help them recover from it – they'll be mush in our hands by the time the final violins sing."

So we are. We grab our handkerchiefs and blow into them, drowning out the string section as Mel swoops into the arms of his "new" beloved, finding love and hope growing from the depths of despair.

But there is one big difference between High Art and Mush Art. In the first, bereavement precipitates a new life, with its terrors as well as fulfilments. In the second it just cues a quest to re-find the old life. Where a formula product like *Forever Young* goes round in a giant sentimental circle, filmmakers like Roeg in *Don't Look Now* or Neil Jordan in *Angel* truly shoot their main characters out into a void. (Roeg's 1973 Venice mystery trip is still a dazzler). And in-betweeners like John Sayles, a sort of Hollywood drop-out *(City Of Hope)* who sometimes likes to drop back in *(Alligator)*, find a mood somewhere between cosiness and catalysis for their tales of emotional rebound.

Of course there are some films in which no one dies and everyone has a good time. Since this is spring and the sun is shining, let me end by commending *The Wedding Banquet*, *Dennis* and *Bambi*. A gay comedy of errors; s straight comedy of teenage mischief (with Walter Matthan receiving the custard pies); and a comedy-romance-cartoon about beautiful Nature.

Oh no, wait. Someone does die in *Bambi*. Ma Deer, and very memorably. Sorry. Handkerchiefs out again.

The samba philosophers

As the Festival of Bahia opens in London, ***Antony Thorncroft*** *finds Brazilian culture is the antithesis of the Road-to-Rio image*

Mangueira is the Manchester United of the fiercely competitive Rio de Janeiro samba schools. It has won most first prizes in the annual carnival parades. When its colours of green and pink were seen sashaying down the streets of Rio at February's carnival the crowds went from mad to delirious. On four extravagantly decorated floats Mangueira was honouring "Os Doces Barbaros". There stood singers Gilberto Gil, Caetano Veloso, Gal Costa and Maria Bethânia, the "sweet barbarians", or more accurately the "Four Great Bahians".

Bahia is that province of Brazil which points out towards Africa. Its great city Salvador, the country's first capital, was ths bittersweet landfall for millions of black slaves. It has remained black Brazil. It is also the place which spawned the four singers who have revolutionised not only Brazilian music, but also Brazilian culture and politics over the past generation.

On June 1 the Four Great Bahians, along with 50 dancers and drummers from the Mangueira School, will perform at the Royal Albert Hall, a climacteric ending for the first Festival of Bahia in London which opens tomorrow with an art exhibition st the Barbican.

Foreign festivals in the UK are ten s penny. The Bahian onslaught is different because it unleashes on London not just the artists but also the philosophers of a culture almost completely unknown in Europe. What links the four singers with Brazil's most distinguished artist Carybe, its leading writer Jorge Amado and the veteran photographer, Pierre Verger, both of whom will be speaking st the ICA from May 16-18, is that they are wrapped up in *candomblé*, the ancient religion of west Africa which the slaves tenaciously clung to and whicb survives in its purest form in Bahia. Also appearing at the ICA is Mãe Stella, one of the most prominent *Ialorixás* (priestesses) in Salvador, who preserves ths ancient mysteries and acts as sage and magician.

The Portuguese took the easy way out with *candomblé*: they just linked the African deities with Christian saints and fuzzed the issue. But in recent years ethnicity has hit Bahia hard. Mãe Stella rejects syncretism, the fusion of Christianity and *candomblé*, and the young blacks look to African rituals, African rhythms and African religion as an expression of their massive contribution to s Brazilian society which still largely marginalises them.

But it is not only black Bahians who seek an alternative history and society. Military rulers exiled Gil and Caetano to London around 1970. When they returned they remained revolutionaries. They were fierce opponents of the Carmen Miranda, *Road to Rio*, exotic-cabaret image of Brazilian culture. They took the trus Bahian-African contribution to world music – the samba – and shook the nation up with the rock rhythms and electric guitars that they sbsorbed from watching the Rolling Stones at the London Lyceum.

They lit the fuse. The isolated Brazilian culture was opened up. The movement was dubbed Tropicalism, and aimed to make the people of Bahia feel happier with their origins. It soon conquered the whole of Brazil. The next wave of musicians added contemporary African rhythms to samba and rock, with *axé* (meaning energy) music. Also coming to London is Araketu, which began as a carnival band in Salvador but now pushes the new wave of Tropicalism, using the Yoruba language and African drumming in their songs of racism and everyday life.

They are much more than militant morris dancers, and in their black pride there is strong commitment to *candomblé*. But for Araketu, which began in s poor suburb, the black political strain is stronger. Their appearance at Club Bahia in Vauxhall on May 7 is the chance for the devotees of Latin music with an edge, a fast growing clique, to get ths real thing. It is the older generstion that is more engrossed with *candomblé*. Caetano wears round his neck the symbol of his personal *orixá*, or god, who is determined by the fall of the shells from the hands of the priestess.

You see a similar necklace on Amado, and on Verger, the 92 year old ethnographer turned pbotographer, who gives the intellectual justification for why these successful artists from the white middle-class should find their spiritual home in the rituals of black Africa. In his simple home in a poor area of Salvador, surrounded by his American disciples, Verger talks of a life-long search for philosophical peace. He rejected Buddhism because the pact between the rich man giving to the poor monk pandered to the egotism of both. He believes that *candomblé*, where there is no hell nor retribution, where the gods are manifeststions of natural forces like fire, wster and hunting, and death is followed by re-incarnation through your descendants, has the basic answers. He has spent 40 years researching the links between Africa and Brazil and finds that the believers in *candomblé* are more st ease with life.

Carybé may be more of s sceptic but he has portrayed the gods in paintings and sculptures, on display at the Barbican, while Amado, who looks to Shango, the god of fire, lightning and justice for protection, has used the legends in his picaresque novels of Salvador life.

The African gods are very much of this world so hardly interfere with the pleasures of life. There will be plenty of exuberance in London next month. But the commitment is real. Gal Costa is a popular singer, the Shirley Bassey of Brazil. During her latest, controversial show she advances to the front of the stage and bears her breast. It is not a provocative gesture. It says "do not run away from the basic political issues, the black question. Confront the truth, your origins". The Bahia Festival is fun – with an edge.

Festival of Bahia. May 1-June 1, sponsored by West Merchant Bank, Petrobrás, Tenenge Holdings, Varibert g, Government of Bahia.

One of the images of Bahia at the Barbican, by Mario Cravo Neto

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Felix the Cat. 7.45 Joe 90. 8.10 The Legend of Prince Valiant. 8.35 Round the Twist. 9.00 Parallel 9. 10.35 Snooker: World Championship.

12.12 Weather.
12.15 Grandstand. Introduced by Steve Rider. Including at 12.20 Football Focus: Bob Wilson reviews the FA Premiership as end of season nears. 12.50 News. 12.55 Racing from Haydock Park: The 1.00 Botany Bay Handicap. 1.05 Snooker: Semi-final action from The Crucible, Sheffield. 1.25 Racing: The 1.30 Lodge Lane Conditions Stakes. 1.35 Rugby League: Preview of this afternoon's match. 1.55 Racing: The 2.00 Haydock Park Spring Trophy Rated Stakes. 2.05 Rugby League: Leeds v Wigan in the final of the Challenge Cup from Wembley. 4.20 Snooker. 4.40 Final Score. Times may vary.
5.15 News.
5.25 Regional News and Sport.
5.30 Porky Pig. Cartoon fun.
5.45 Jim'll Fix It.
6.20 Film: Masters of the Universe. Dolph Lundgren stars in this adaptation of the popular children's cartoon as sword-wielding musclebound galactic warrior He-Man, who travels to Earth to find a key which can save the planet Eternia from the evil Skeletor. SF fantasy adventure, with Frank Langella, Meg Foster and Billy Barty (1987).
8.00 Eurovision Song Contest. Live coverage of the 39th annual competition from the Point Theatre, Dublin. Frances Ruffelle, singing We Will Be Free (Lonely Symphony), presents the UK's entry. Simultaneous broadcast with Radio 2. Subsequent programmes may run late.
11.00 News and Sport; Weather.
11.20 Match of the Day. Highlights of two of today's top games in the FA Premiership, plus goals and action from the rest.
12.10 Film: Return of Count Yorga. The vampire nobleman returns to wreak havoc in an orphanage. With Robert Quarry and Mariette Hartley (1971).
1.45 Weather.
1.50 Close.

BBC2

6.00 Open University.

12.15 Film: Stalag 17. Inmates at a German prison camp try to find the traitor after an escape attempt is thwarted. PoW comedy drama, starring William Holden (1953).
2.10 Horizon. How modern society is exhausting workers, with potentially deadly results.
3.00 Film: The Barefoot Contessa. Offbeat drama about the life and times of an unhappy dancer in a Spanish cabaret. Humphrey Bogart and Ava Gardner star (1954).
5.05 Snooker: World Championship. David Vine introduces the conclusion of the first semi-final.
6.25 News and Sport; Weather.
6.40 South Africa Votes. David Dimbleby reports from Johannesburg as the results of the country's first multi-racial elections are announced.
7.10 Chasing the Dream. Nearly 40 years ago Oxford medical student Roger Bannister ran a mile in less than four minutes. The programme celebrates this feat and profiles athletes who have since improved on it. With Sebastian Coe, Steve Ovett, Steve Cram, Herb Elliott and Sir Roger Bannister.
8.00 Snooker: World Championship. Further coverage of the second semi-final from The Crucible in Sheffield.
8.30 Notes from the Underground. New series. Documentary about people on the fringes of society who struggle to survive in Moscow's underground system of tunnels.
9.20 The Foot Tunnel. Animated fantasy about a commuter's encounter with a beggar girl.
9.30 Have I Got News for You. Husband and wife Paul Merton and Caroline Quentin compete against Ian Hislop and Kathy Lette.
10.00 Seinfeld.
10.25 Snooker: World Championship. Second semi-final.
11.20 Film: Kanal. Wartime drama based on fact, about a unit of Polish Home Army soldiers taking refuge in the Warsaw sewers. Teresa Izewska stars (1956).(English subtitles).
12.55 Snooker: World Championship.
1.40 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Opening Shot.

1.00 ITN News; Weather.
1.15 London Today; Weather.
1.20 Movies, Games and Videos.
1.55 NBA Basketball. Alton Byrd introduces the game of the week.
3.00 Film: Escape of the Amethyst. A British frigate is held captive by communists. Adventure, starring Richard Todd (1957).
4.40 ITN News and Results; Weather.
5.00 London Today and Sport; Weather.
5.10 Cartoon Time.
5.30 Bullseye.
6.00 Baywatch.
6.55 You Bet! Host Matthew Kelly is joined by guests Annabel Giles, Chris Boardman, Nanette Newman and Gareth Hunt.
7.55 Barrymore. With WBO Super Middleweight champion Nigel Benn, veteran American rocker PJ Proby, and young pianist John Davies from Warrington.
8.55 ITN News and SA Election; Weather.
9.10 London Weather.
9.15 Film: Cocoon: The Return. Sequel to the SF movie. The sprightly pensioners and their alien friends come back to Earth for an important rescue mission - giving them the chance to catch up with the loved ones they left behind. Starring Don Ameche, Steve Guttenberg, Wilford Brimley, Jessica Tandy and Hume Cronyn (1988).
11.15 Film: Bullitt. A San Francisco police detective conceals the death of a witness under his protection and pursues the killers himself. Classic thriller, starring Steve McQueen (1968).
1.20 Tour of Duty.; ITN News Headlines.
2.15 The Big E.
3.10 New Music.; ITN News Headlines.
4.10 American Gladiators.
5.00 BPM.

CHANNEL4

5.00 4-Tel on View. 5.30 Early Morning. 10.00 Trans World Sport. 11.00 Gazzetta Football Italia. 12.00 Sign On: At Leisure. 12.30 pm Bombay Chat.

1.00 Film: Forever England. A lone seaman holds a German warship at bay. First World War drama, starring John Mills and Betty Balfour (1935).
2.15 Racing from Newmarket. The 2.30 Mayer Parry Stakes, 3.00 Owen Brown Tents for Events Maiden Stakes, 3.40 Madagans 2,000 Guineas Stakes, 4.15 Palace House Stakes, and the 4.45 Ladbrokes Handicap. Commentary by Graham Goode, John Oaksey, John Francome, John Tyrrel, John McCririck, Raleigh Gilbert, Derek Thompson and Jim McGrath.
5.05 Brookside.
6.30 Right to Reply.
7.00 A Week in Politics. Special edition from London and Johannesburg featuring the results of South Africa's first multi-racial elections. Including interviews with leading politicians, and a discussion on whether Britain and other industrialised nations will support the new government; News Summary.
8.00 The ABC of Democracy. Exploration of the events leading to the birth of the world's first democracy in ancient Greece. With contributions from Lord Denis Healey, writer John Mortimer, actress Janet Suzman, and Professor Benjamin Barber.
9.00 NYPD Blue. A disabled veteran turns vigilante. Kelly faces a crisis of loyalties.
10.00 Don't Forget Your Toothbrush.
11.05 Citizen Locke. David Edgar's drama about the theories of the British philosopher John Locke (played by John Sessions), showing him discussing revolutionary political reforms with his mistress, Lady Mordaunt (Saskia Reeves).
12.05 Late Licence.
12.10 One Night Stand.
12.45 Ready, Steady, Go!
1.15 Herman's Head.
1.45 Naked City.
2.30 Beavis and Butt-Head.
3.00 True or False.
3.30 Electric Ballroom.
4.00 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Movies, Games and Videos. 1.15 Anglia News. 1.20 Cartoon. 1.25 COPS. 1.55 The Munsters Today. 2.20 World Cup Hall of Fame. 2.55 On Fire. (TVM 1987) 4.55 Anglia News and Sport 9.10 Anglia Weather.

BORDER: 12.30 COPS. 1.15 Border News. 1.50 Sail the World. 2.20 The A-Team. 3.55 Superstars of Wrestling. 5.00 Border News and Weather

CENTRAL: 12.30 America's Top 10. 1.15 Central News 1.20 COPS. 1.45 Movies, Games and Videos. 2.15 WCW Worldwide Wrestling. 2.50 The Fall Guy. 3.45 MacGyver. 4.55 Central News 5.00 The Central Match - Goals Extra. 9.10 Local Weather.

CHANNEL: 12.30 Heidi. 1.15 Channel Diary. 1.20 Sail the World. 2.50 Best of British Motorsport. 3.20 The A-Team. 4.10 The Munsters Today. 4.55 Channel News. 5.00 Puffin's Pla(i)ce.

GRANADA: 12.30 COPS. 1.15 Granada News 1.50 Sail the World. 2.20 The A-Team. 3.55 Superstars of Wrestling. 4.55 Granada News. 5.00 Bugs Bunny's Creature Features. 9.10 Granada Weather.

HTV: 12.30 World Cup Hall of Fame. 1.10 HTV News. 1.15 Sail the World. 1.45 Dreams of Gold: The Mel Fisher Story. (TVM 1986) 3.15 Movies, Games and Videos. 3.45 The A-Team. 5.00 HTV News and Sport 9.10 HTV Weather.

HTV Wales as HTV except: No variations.

MERIDIAN: 12.30 Heidi. 1.15 Meridian News. 1.20 Sail the World. 2.50 Best of British Motorsport. 3.20 The A-Team. 4.10 The Munsters Today. 4.55 Meridian News.

SCOTTISH: 12.30 Extra Time. 1.15 Scotland Today. 1.20 Speaking Our Language. 1.50 Telefios. 2.20 Carry On Sergeant. (1958) 3.50 The A-Team. 4.55 Scotland Today 6.10 Scottish Weather. 11.15 The Green Berets. (1968)

TYNE TEES: 12.30 Movies, Games and Videos. 1.10 Tyne Tees News. 1.15 The Munsters Today. 1.40 Hawmps! (1976) 3.45 Darts. 4.55 Tyne Tees Saturday

WESTCOUNTRY: 12.30 Movies, Games and Videos. 1.15 Westcountry News. 1.20 NBA Basketball. 2.20 Future Cop. (TVM 1976) 3.45 The A-Team. 5.00 Westcountry News.

YORKSHIRE: 12.30 Movies, Games and Videos. 1.10 Calendar News. 1.15 The Munsters Today. 1.40 Hawmps! (1976) 3.45 Knight Rider. 4.55 Calendar News.

S4C Wales as Channel 4 except:- 7.00 Early Morning. 12.30 Running the Halls. 6.30 Cwlwm Serch. 7.00 Tywydd Teg (E). 7.30 Tocyn Tymor. 8.30 Llygaid Sgwar. 8.50 Newyddion. 9.00 Smwcer: Pencampwriaeth y Byd 1994. 9.30 Home Improvement. 11.05 NYPD Blue.

SUNDAY

BBC1

7.30 Henry's Cat. 7.35 Johnson and Friends. 7.45 Playdays. 8.05 Blood and Honey. 8.20 Litt' Bits. 8.45 Babar. 9.10 News. 9.15 Heart and Soul. 10.00 See Hear! 10.30 Denied the 9 to 5. 11.00 Business Matters. 11.30 Tales from the Map Room.

12.00 CountryFile. Report on British sheep farmers whose livelihoods are still being affected by fall-out from the Chernobyl disaster.
12.25 Weather for the Week Ahead.
12.30 News.
12.35 On the Record. Analysis of political developments.
1.30 EastEnders.
2.50 Film: Ring of Bright Water. Drama about a man's affection for a pet otter. Bill Travers and Virginia McKenna star (1969).
4.35 Variety Club Special. The story of how a baby girl abandoned in a Pittsburgh cinema in 1928 led to the founding of the organisation.
5.20 Lifeline. Eamonn Holmes appeals on behalf of the Family Holiday Association.
5.30 Masterchef. Michael Ball and David Chambers judge culinary efforts in Birmingham, Gloucestershire and Nottingham.
6.05 News.
6.25 Songs of Praise. Celebrating this week's opening of the Channel Tunnel.
7.00 Honey for Tea.
7.30 Pie in the Sky. Crabbe is dismayed by a visit from a planning officer who discovers a host of petty building infringements. Detective drama, starring Richard Griffiths, Anthony Allen and Pete Postlewaite.
8.20 Film: Appointment with Death. Peter Ustinov stars as Detective Hercule Poirot. With Lauren Bacall and John Gielgud (1987).
10.00 News and Weather.
10.15 Mastermind.
10.50 Everyman. The rise of Islam, the UK's fastest-growing religion. The programme profiles two contrasting converts.
11.30 The New South Africa. David Dimbleby hosts a debate on challenges facing the new government.
12.15 The Sky at Night.
12.35 Weather.
12.40 Close.

BBC2

6.15 Open University. 9.10 Fiddley Foodle Bird. 9.25 Simon and the Witch. 9.40 The Movie Game. 10.05 Incredible Games. 10.30 Grange Hill. 10.55 FOT. 11.20 A Likely Lad. 11.45 The O Zone. 12.00 Around Westminster.

12.30 Sunday Grandstand. Introduced by Sue Barker and Steve Rider. 12.30 Motor Racing: The San Marino Grand Prix at Imola. 2.45 Snooker: World Championship. Early coverage of the final. Basketball: Action from the semi-finals of the British play-offs at Wembley. Times may vary.
5.10 Rugby Special. Round-up of the weekend's action, plus a look ahead to next week's Pilkington Cup final between Bath and Leicester.
6.10 The Natural World. Howard Hall's award-winning documentary exploring the many species of underwater life inhabiting the Sea of Cortez off southern California.
7.00 The Money Programme. Richard Watson charts the history of the Channel Tunnel and asks what lessons can be learned from it.
7.40 La Difference. Comedian Jeremy Hardy provides tips on throwing dinner parties in Britain and France, combatting Parisian drivers and the intricacies of high society. Featuring interviews with French TV programme advisers Laurent Fontaine and Pascal Bataille, British style guru Peter York and French journalist Philippe Gavi.
8.20 The Great Escapers. The true story of 1944's Great Escape, when 76 Royal Air Force PoWs tunnelled out of a German prison camp. In this documentary, the few remaining survivors revisit the scene to recall the events.
9.10 Grand Prix. Highlights of the San Marino Grand Prix from Imola. Commentary by Murray Walker and Jonathan Palmer.
9.50 Snooker: World Championship. Coverage from the first day of this year's final.
11.30 Film: The Wooden Horse. PoWs in a German camp try to escape by using a gymnastic vaulting horse to cover their tunnelling. Wartime adventure, starring Leo Genn (1950).
1.15 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 Sunday Morning with Secombe. 11.00 Morning Worship. 12.00 Sunday Morning with Secombe. 12.30 pm The Littlest Hobo. 12.55 London Today; Weather.

1.00 ITN News; Weather.
1.10 Walden. An interview with a leading political figure.
2.00 Hannah USA.
2.30 The Sunday Match. Middlesbrough v Crystal Palace. Matthew Lorenzo and Ian St John introduce live coverage of the Division One clash from Ayresome Park.
5.00 Country Ways. The countryside of St Leonard's Forest in January.
5.30 The London Programme. An examination of the potential physical and mental dangers of being hypnotised.
6.00 London Tonight; Weather.
6.20 ITN News; Weather.
6.30 Through the Keyhole. James Whale, Frances Edmonds and Richard Whiteley try to guess mystery home owners.
7.00 Surprise! Surprise!
8.00 The Cinder Path. Charlie (Lloyd Owen) is accused of causing Ginger's death, and despite being exonerated at a military inquiry he continues to blame himself. Last in series.
9.00 The Knock. A horrifying discovery in a Heathrow warehouse puts Diane on the trail of animal smugglers. Beverley's husband learns of her affair with Gerry. Caroline Lee Johnson stars.
10.00 Spitting Image.
10.30 News at Ten; Weather.
10.40 London Weather.
10.45 TV Violence: Will It Change Your Life? Does screen violence inspire criminal behaviour? Sir David Frost chairs a debate on the impact of television and asks whether there should be tighter controls.
12.00 Sail the World.
12.30 Gamebore White Gold Cup '93.
1.30 Cue the Music; ITN News Headlines.
2.30 Music From the Circus; ITN News Headlines.
5.00 Off Beat.
3.30 Snooker: The European League.
5.00 Dining in France.

CHANNEL4

6.05 Early Morning. 9.45 The Odyssey. 10.15 Saved by the Bell. 10.45 Rawhide. 11.45 Little House on the Prairie. 12.45 pm Surf Potatoes.

1.15 Arabian Sands. Wilfred Thesiger talks about the nomadic tribes of the Arabian desert.
2.10 Snappers. The controversial work of the paparazzi, photographers who spend their lives pursuing the rich and famous.
2.45 Football Italia. Action from a top match in Serie A.
5.00 A Little Something. Animation about female anxiety.
5.10 Fifteen-To-One Special: The Money-Go-Round. Contestants from politics, journalism and industry compete in this special edition of the fast-moving quiz, focusing on public finances.
5.55 News Summary.
6.00 Harry Enfield's Guide to Opera. How the great singers of the past have influenced their modern-day counterparts.
6.30 The Cosby Show.
7.00 Greenpeace: End of an Era? The history of the organisation whose protests against nuclear weapons hit the headlines in the 1970s. The programme asks whether Greenpeace has become too bureaucratic.
8.00 Opinions: Designs on Democracy. First in a series of talks on British politics.
8.30 The Charter 88 Bad Government Awards. Offbeat ceremony highlighting people in positions of power alleged to have ignored the concerns of the British public.
9.30 A Maybe Day in Kazakhstan. Poet Tony Harrison contrasts the failures of communism with ordinary citizens' hopes for the future.
10.00 Film: Once Upon a Time in America. Part one. Robert de Niro stars in this drama following the deeds and deceptions of four gangsters between 1922 and 1968 (1984).
12.20 Film: Une Femme Est Une Femme. Jean-Luc Godard's comedy, starring his then wife Anna Karina as a nightclub stripper desperate to settle down and have a baby (1960).
1.50 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT:

ANGLIA: 12.55 Anglia News. 2.00 Wanted: Dead or Alive. 2.30 Anglia Sport Special. 5.00 Dinosaurs. 5.30 The Village Show. 6.00 Anglia News on Sunday 10.40 Anglia Weather.

BORDER: 12.30 Gardener's Diary. 12.55 Border News. 2.00 Profile. 2.10 Wild World of the East. 2.35 One to One. 3.05 Highway to Heaven. 4.00 Coronation Street. 5.00 Scotsport. 6.15 Border News.

CENTRAL: 12.30 Central Newsweek. 12.55 Central News 2.00 Take 15. 2.15 The Rose of Tralee. 2.45 Cartoon Time. 3.00 Laugh with the Carry Ons. 3.30 The Day the Loving Stopped. (TVM 1981) 5.15 Hit the Town. 5.45 Zoo Life with Jack Hanna. 6.15 Central News 10.40 Local Weather.

GRANADA: 12.25 God's Messengers. 12.55 Granada News 2.00 The Granada Match. 2.45 The Earl of Chicago. (1939) 4.20 Father Dowling Investigates. 5.15 Coronation Street. 6.15 Granada News

HTV: 12.25 The Nature of Things. 12.55 HTV News. 2.00 HTV Newsweek. 2.30 World Cup Hall of Fame. 2.45 The West Match. 5.15 The New Adventures of Black Beauty. 5.45 Journeymen. 6.15 HTV News. 10.40 HTV Weather.

MERIDIAN: 12.30 Seven Days. 12.50 Meridian News. 2.00 The Pier. 2.25 The Listings. 2.30 Sunday Sport Live! 5.15 Dinosaurs. 5.45 Jack Pizzey's Coastline. 6.15 Meridian News.

SCOTTISH: 11.00 Dearnamaid Gaidheachas. 11.45 Eikon. 12.30 Skoosh. 12.55 Scotland Today. 2.00 Father Brown, Detective. (1979) 3.45 Stuntmasters. 4.20 The Motor Show. 5.00 Scotsport. 6.15 Scotland Today 6.30 Scottish Passport. 10.40 Scottish Weather.

TYNE TEES: 12.25 Tyne Tees Newsweek. 12.55 Tyne Tees News. 2.00 The Champions 2.30 The Tyne Tees Match - Live. 5.00 Father Dowling Investigates. 5.50 Tyne Tees Weekend.

WESTCOUNTRY: 12.30 Westcountry Update. 12.55 Westcountry News. 2.00 Westcountry Cameos. 2.10 Sail the World. 2.40 The Westcountry Match. 5.15 A Tale of Four Market Towns. 5.45 Wild West Country. 6.15 Westcountry News.

YORKSHIRE: 12.50 Calendar News. 2.00 Highway to Heaven. 2.55 36 Hours. (1964) 5.00 Father Dowling Investigates. 5.50 Calendar News and Weather 10.40 Local Weather.

S4C Wales as Channel 4 except:- 7.00 Early Morning. 9.00 Slot Sul. 9.30 Now You're Talking. 9.55 Rawhide. 10.50 Planet of the Apes. 1.15 Mork and Mindy. 1.45 Encounters. 5.00 Dechrau Canu, Dechrau Canmol. 5.30 Pobol y Cwm. 7.20 Bwrw'r Sul. 8.10 Hel Straeon. 8.40 Seer Geiriau. 10.05 Newyddion. 10.10 Saith Ar y Sul. 10.30 San Steffan. 10.50 Snwcer: Pencampwriaeth y Byd '94. 11.20 Raging Bull. (1980)

MONDAY

BBC1

7.00 News; Regional News. 7.10 Teddy Bears' Picnic. 7.35 Babar. 8.00 News; Regional News. 8.10 Litt' Bits. 8.35 Smoggies! 9.00 News; Regional News. 9.05 The Legend of Prince Valiant. 9.30 Activ-8. 10.00 Henry's Cat. 10.10 Playdays. 10.30 Favourite Songs.

11.00 Film: Oliver Twist. Dickens' story of a runaway orphan who gets involved with an elderly crook and his gang of pickpockets. Alec Guinness, Anthony Newley and Robert Newton star (1948).
12.55 Regional News. Weather.
1.00 One O'Clock News; Weather.
1.10 Neighbours.
1.30 The High Chaparral. Buck is stranded in the desert after he and Victoria are attacked.
2.15 Film: Spartacus. Kirk Douglas takes the title role as a slave who dares to defy the might of the Roman Empire in this sword-and-sandal epic, also starring Tony Curtis (1960).
5.20 News.
5.30 Regional News.
5.35 Neighbours.
6.00 The Children's Royal Variety Performance 1994. Showbiz extravaganza from the London Palladium, in the presence of Princess Margaret, featuring Dina Carroll, Bad Boys Inc, Noel Edmonds, Shane Richie, Mickey Hutton and Mr Blobby. Hosted by Darren Day.
8.00 Film: Raiders of the Lost Ark. Steven Spielberg's adventure movie with fearless archaeologist played by Harrison Ford. He tackles Nazis hot on the trail of the Ark of the Covenant. Karen Allen and Denholm Elliott also star (1981).
9.50 Nine O'Clock News; Weather.
10.10 Dusty. Profile of Dusty Springfield, one of the Swinging Sixties' most distinctive singers and an enduring pop icon. With tributes from Dionne Warwick, Neil Tennant, Martha Reeves, Elvis Costello and Burt Bacharach.
11.10 Film: The Medusa Touch. Supernatural thriller about a man obsessed with the notion that he has the power to cause disasters. Richard Burton, Lee Remick and Michael Hordern star (1978).
12.55 Weather.
1.00 Close.

BBC2

6.20 Open University. 8.00 Past and Present Preserved. 8.15 Film: Military Policeman. 9.40 Film: Road to Morocco. 11.00 Vincent the Dutchman. 12.00 Tex Avery. 12.15 pm The Brollys.

12.30 Racing from Haydock Park. The 12.50 Hell Nook Four Years Old Handicap Hurdle, 1.25 Petros Long Distance Hurdle, and the 2.00 Crowthers Homes Swinton Handicap Hurdle.
2.15 Snooker: World Championship. Coverage of the penultimate session in this year's final from The Crucible, Sheffield.
5.15 Hi-De-Hi. The first episode of the holiday-camp comedy set in the 1950s. Paul Shane and Su Pollard star.
5.55 Cross Channel. Choreographer Lea Anderson's two troupes, the Cholmondeleys and Featherstonehaughs, mime a comical trip across the English Channel to Calais.
6.25 Subterranea Brittanica. Wry study of a unique group of enthusiasts whose members all enjoy going underground. The programme features a former garage manager who now runs his own coal mine in the Forest of Dean, and a man who abseils down waterfalls in full flood, following them into the depths of subterranean cave networks. Their stories are contrasted with that of a London commuter terrified of travelling on the city's Underground.
7.15 Snooker: World Championship. Live coverage as the final of this year's tournament draws to a close at the Crucible, Sheffield. David Vine is at the awards ceremony. Subsequent programmes may run late.
9.45 Video Nation.
9.50 Film: Cry Freedom. A South African journalist is persecuted by the authorities when he investigates the murder of black activist Steve Biko. Directed by Richard Attenborough (1987).
12.25 Weather.
12.30 Film: Death Line. Horror film about subterranean cannibals who prey on commuters on the London Underground. Christopher Lee and Donald Pleasence star (1973).
2.00 Close.

CARLTON

6.00 GMTV. 9.25 Crosswits. 9.55 Cartoon. 10.00 Film: The Undergrads. 12.00 Home and Away. 12.30 pm ITN Lunchtime News; Weather. 12.45 Coronation Street.

1.15 Make 'em Laugh.
1.45 Stuntmasters. Tribute to the daredevils who risk their lives to provide celluloid thrills.
2.20 Film: The Man in the Iron Mask. A mysterious prisoner has an important role in a power struggle in 17th century France. Swashbuckling adventure, starring Richard Chamberlain (TVM 1977).
4.15 Home and Away.
4.45 ITN News; Weather.
4.55 London Today; Weather.
5.00 Film: Goldfinger. James Bond tracks down a ruthless gold smuggler who has devised a plan to rob Fort Knox. Starring Sean Connery, Gert Frobe and Honor Blackman (1964).
7.00 Talking Telephone Numbers. Singer Daryl Hall, "mindreader" Graham Jolley and comedian Barnaby are guests.
7.30 Coronation Street.
8.00 The Trouble with Mr Bean.
8.30 Heartbeat. Nick is taken hostage when a feud between neighbours escalates into an armed siege, and wife Kate puts her own life in jeopardy to save a dying man.
9.30 The 10 Per Centers. The arrival of a mysterious package makes Alin abandon his plans for the day, leaving hard-pressed boss Dominic in difficulty. Benedict Taylor and Clive Francis star.
10.00 News at Ten; Weather.
10.15 London Tonight; Weather.
10.20 The Biggest Robbery in the World. Inside story of a spectacular £292m heist, told with documentary footage and FBI surveillance tapes.
11.20 Sport in Question. Ian St John, Jimmy Greaves and guests answer sporting queries; ITN News Headlines.
12.20 The Little Picture Show.
1.20 Renegade.; ITN News Headlines.
2.10 Sport AM.
3.10 Film: Midnight Offerings. Two high-school pupils fight a witch. Supernatural thriller (TVM 1981).
5.00 Hollywood Report.

CHANNEL4

5.00 4-Tel on View. 6.35 Star Street. 7.00 The Big Breakfast. 9.00 California Dreams. 9.30 Sebastian Star Bear. 11.00 Meerkats. 11.30 The Lone Ranger. 11.55 Quinoscopios. 12.00 Right to Reply.

12.30 Sesame Street.
1.30 Dr Snuggles.
2.00 Garden Club. A visit to Nottingham for horticultural advice on everything from coldframes to compost and onions.
2.30 Racing from Kempton Park. The 2.40 Pegasus Stakes, 3.10 Milcars Fillies' Stakes, 3.40 SSAFA Jubilee Handicap Stakes, and the 4.10 Software House Maiden Stakes.
4.30 Fifteen-to-One. Quick-fire general knowledge quiz.
5.00 Film: That's Dancing. Clips from Hollywood dance spectaculars, featuring Fred Astaire, Gene Kelly and Ginger Rogers (1985).
6.55 News Summary.
7.00 Don't Forget Your Toothbrush.
8.00 Trail of the Snowgoose. Documentary about migratory geese and other species of the Arctic tundra.
8.30 Only When I Laugh. Shown previously on ITV.
9.00 Champions: Battle of the Bikes. Film following a year in the lives of cyclists Chris Boardman and Graeme Obree, opponents in the attempt to break the world one-hour distance record. Olympic champion Boardman achieved success on a superbike built by Lotus, while Obree was forced to construct his own cycle, using parts from a washing machine, and to train on a local dual carriageway. Despite this seeming gulf, the two rivals found themselves evenly matched.
10.00 Film: Once Upon a Time in America. Concluding part of Sergio Leone's epic about 45 years of gangster life in the United States. Starring Robert De Niro, with James Woods, Elizabeth McGovern, Treat Williams, Tuesday Weld, Burt Young and Joe Pesci (1983).
12.00 Tall, Dark and Handsome.
1.05 Paul Brady: Echoes and Extracts.
2.05 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.40 Anglia Weather. 1.15 Cartoon Time. 1.25 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Anglia News. 10.15 Anglia News. 10.20 Conan the Barbarian. (1982)

BORDER: 12.00 Gardener's Diary. 12.45 Home and Away. 1.15 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Border Birthdays. 10.15 The Motor Show. 10.55 Gunsmoke: Return to Dodge. (1987)

CENTRAL: 1.15 Stuntmasters. 2.05 No Deposit, No Return. (1976) 4.55 Central News 10.15 Central News 10.20 Conan the Barbarian. (1982)

GRAMPIAN: 1.15 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Cartoon. 10.15 Reflections. 10.20 North Tonight Special: Farewell to Berlin. 10.50 The Motor Show. 11.20 The Equalizer.

GRANADA: 12.00 Gardener's Diary. 12.40 Granada Weather. 12.45 Home and Away. 1.15 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Granada Weather. 10.10 Granada Weather. 10.15 The Motor Show. 10.55 Gunsmoke: Return to Dodge. (1987)

MERIDIAN: 1.15 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Meridian News. 10.15 Meridian News. 10.20 Deadly Pursuit. (1988)

SCOTTISH: 12.00 The Making of Dances with Wolves. 12.25 Scotland Today 12.45 It's a Vet's Life. 1.15 Home and Away. 1.45 The Great Balloon Race. (1978) 3.20 Cartoon Time. 3.45 Home and Away. 4.15 Through the Keyhole. 4.55 Scotland Today 10.15 Scottish Women. 11.15 Scotland Today 11.20 The Trials of Rosie O'Neill.

TYNE TEES: 1.15 Stuntmasters. 2.10 Raise the Titanic! (1980) 4.55 Tyne Tees News. 10.15 Tyne Tees News. 10.20 Conan the Barbarian. (1982)

WESTCOUNTRY: 1.15 Stuntmasters. 2.10 Beyond the Poseidon Adventure. (1979) 4.55 Westcountry News. 10.15 Westcountry News. 10.20 Conan the Barbarian. (1982)

YORKSHIRE: 1.15 Stuntmasters. 2.10 Raise the Titanic! (1980) 4.55 Calendar News. 10.15 Calendar News. 10.20 Conan the Barbarian. (1982)

S4C Wales as Channel 4 except:- 12.30 Slot Meithrin. 1.00 Heaven, Hell and Suburbia. 1.30 Blossom. 2.00 Dream Huts. 4.30 Slot 23. 5.30 Fifteen-to-One. 6.00 Newyddion 6. 6.10 Smwcer: Pencampwriaeth y Byd 1994. 7.00 Pobol y Cwm. 7.30 Y Byd ar Bedwar. 8.00 Operavox. 8.30 Newyddion. 8.45 Sgorio. 9.45 Good Ideas of the 20th Century. 10.00 Frasier. 10.30 Roseanne. 11.00 Smwcer: Pencampwriaeth y Byd 1994. 11.40 Northern Exposure.

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot.
8.00 Brian Matthew.
10.00 Judi Spiers.
12.00 Hayes on Sunday.
1.30 The News Huddlines.
2.00 The Golden Days of Radio.
3.00 Ronnie Hilton.
4.00 Paul Heiney.
5.00 Nick Barraclough.
6.00 Tom O'Connor and Friends.
7.00 Waterloo Revisited.
8.00 Eurovision Song Contest.
11.00 Paul Cola.
1.00 Adrian Finighan.
4.00 Sujata Barot.

BBC RADIO 3
6.00 Open University: Social Sciences. 6.55 Weather. 7.00 Record Review. 9.00 Building a Library. 10.15 Record Release. Ibert, Koechlin, Uuno Klami, Dante Marchetti, Pierre Kiesy, Charles Cuvillier, Poulenc. 12.00 Spirit of the Age. 1.00 Table Talk. 1.15 Pascal Roge. 2.45 Domestic Dvorak. 3.00 Vaughan Williams and America. 5.00 Jazz Record Requests. With Geoffrey Smith. 5.45 Music Matters. An interview with Luciano Berio. 6.30 Domestic Dvorak. 7.00 Peter Grimes. Britten's opera, to a libretto by Montagu Slater. 10.00 Godsiots. April in Hades. 10.10 Heaven Upon Earth. Holy Week in Constantinople. 10.30 Sound and Fury. Concert by Edward Vesala and his seven-piece band. 12.30 Russian Orthodox Easter Vigil. 3.30 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week. Rural issues.
6.50 Prayer for the Day.
7.00 Today. Current affairs round-up.
9.00 News.
9.00 Sport on 4. News and conversation.
9.30 Breakaway. Holiday and travel guide.
10.00 Loose Ends. With Ned Sherrin and guests.
11.00 The Week in Westminster. With Peter Riddell of The Times.
11.30 From Our Own Correspondent. Reports from around the world.
12.00 Money Box. Personal finance.
12.25 The News Quiz. Chaired by Barry Took.
1.00 News.
1.10 Any Questions? Issues raised in Bournemouth, Dorset.
2.00 Any Answers? 071-580 4444. Phone-in response programme.
2.30 Playhouse: Gaveston. By Colin Haydn Evans.
4.00 What If? Speculative debate on the reintroduction of capital punishment.
4.30 Science Now. Discoveries and developments.
5.00 Games of Our Times. Perfume counterfeiters.
5.40 In Celebration. Last in series.
6.00 News and Sports.
6.25 Week Ending. Irreverent current affairs review.
6.50 Postcard from Gotham. Mark Steyn and guests investigate developments in the Big Apple.
7.20 Kaleidoscope Feature. Dick Witts talks to Sir Peter Davies and other composers whose music is influenced by the sea.
7.00 Saturday Night Theatre: Ancient Enemies. Dramatisation of Elizabeth North's novel about a teenager whose stepfather disappears mysteriously. With Charlotte Coleman and Bill Nighy.
8.20 Music in Mind. Brian Kay presents favourite melodies.
9.50 Ten to Ten. A reading, hymn and reflection, led by Alison Leonard.
10.00 News.
10.15 Trivia Test Match. From Tilford Cricket Club, Surrey.
10.45 As Englishman in the Midi. John P Harris discusses life in rural France.
11.00 Comparing Notes. With Lygia O'Riordan and Pie Sirala.
11.30 Cordoba. By Nigel Baldwin.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.05 Dirty Tackle.
6.30 The Breakfast Programme.
9.00 Weekend with Kershaw and Whitaker.
11.05 Special Assignment.
11.35 Crime Desk.
12.00 Midday Edition.
12.15 Sportscall.
1.04 Sport on Five.
5.00 Sports Reports.
6.05 Six-O-Six.
7.30 Saturday Edition.
9.35 Out This Week.
10.05 The Treatment.
11.00 Night Extra.
12.00 After Hours.
2.00 Up All Night.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:

6.00 Morgenmagazin. 6.00 Europe Today. 7.00 World and British News. 7.15 The World Today. 7.30 Meridian. 8.00 World News. 8.15 Waveguide. 8.25 Book Choice. 8.30 People and Politics. 9.00 World News. 9.00 Words of Faith. 9.15 A Jolly Good Show. 10.00 World News and Business Report. 10.15 World Brief. 10.30 Development 94. 10.45 Sports Round-up. 11.00 Printer's Devil. 11.15 Letter from America. 11.30 BBC English. 11.40 Mittagsmagazin. 12.00 Newsdesk. 12.30 Meridian. 1.00 World News. 1.09 Words of Faith. 1.15 Multitrack 3. 1.45 Sports Round-up. 2.00 Newshour. 3.00 News Summary; Sportsworld. 4.00 World News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 World and British News. 5.15 Sportsworld. 6.00 BBC English. 6.30 Heute Aktuell. 7.00 News and features in German. 9.00 News Summary; Shakespeare and the Idea of England. 8.45 From the Weeklies. 9.00 World News. 9.09 Words of Faith. 9.15 Development 94. 9.30 Meridian. 10.00 Newshour. 11.00 World News. 11.05 Words of Faith. 11.10 Book Choice. 11.15 Jazz for the Asking. 11.45 Sports Round-up. 12.00 Newsdesk. 12.30 Sounds and Sweet Airs. 1.00 World and British News. 1.15 Good Books: South African fiction. 1.30 The John Dunn Show. 2.00 News Summary; Play of the Week: A Midsummer Night's Dream. 3.00 Newsdesk. 3.30 Discursive Excursions. 4.00 Newsdesk. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean.
9.00 Michael Aspel.
10.30 Hayes on Sunday.
12.00 Desmond Carrington.
2.00 Benny Green.
3.00 Alan Dell.
4.00 Young Musician Finalists.
4.30 Sing Something Simple.
5.00 Happy Birthday Charlie and Soapbox.
7.00 Richard Baker.
8.00 Sunday Half Hour.
9.00 Alan Keith.
10.00 From Joseph to the Genie.
12.05 Steve Madden.
3.00 Alan Lester.

BBC RADIO 3
6.30 Open University: Caribbean and Asian Workers.
6.55 Weather.
7.00 Sacred and Profane.
9.00 Brian Kay's Sunday Morning.
12.15 Music Matters.
1.00 The Sunday Concert.
2.40 Debut.
3.25 The Peace of Dettingen.
4.00 Fire From Heaven. The Orthodox Easter weekend on the island of Kythera.
5.10 Heaven Upon Earth. Holy Week in Constantinople. Last in series.
5.45 Making Waves. With Ursula Owen, editor of Index on Censorship.
6.30 Dmitry Sitkovetsky. Bach and Prokofiev.
7.30 Sunday Play: The Hammer. Jonathan Holloway's supernatural thriller.
3.45 Music In Our Time. James Dillon, Jonathan Harvey, Brian Ferneyhough.
9.55 Choir Works. Handel.
12.30 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.00 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 Penelope Keith.
9.00 News.
9.15 Sunday Papers.
9.15 Letter from America. By Alistair Cooke.
9.00 Morning Service. From Holy Trinity Church, Coventry.
10.15 The Archers. Omnibus.
11.15 Mediumwave. The week's events in the media.
11.45 Sentimental Journey. Fiona Shaw returns to Cobh in Ireland. Last in series.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
3.00 Classic Serial: The Mayor of Casterbridge.
3.30 Pick of the Week.
4.15 Analysis. The impact of local elections on regional government.
5.00 Visiting Angel. Mary Stewart embarks on the final stage of her journey.
5.30 Poetry Please! Simon Rae reads verse on the theme of natural history.
6.00 Six O'Clock News.
6.15 Letter From. John Halkes ventures to Cornwall.
6.30 The Adventures of Tintin. The Red Sea Sharks, by Herge.
7.00 In Business. Family firms.
7.30 Fourth Column Revisited. With Simon Hoggart.
9.00 (FM) What If? Speculative debate on the reintroduction of capital punishment.
9.00 (LW) Open University.
8.00 Art Works: Who Owns the Past? 8.30 New Curiosity Shop: It's a Miracle. 9.00 Women's Studies: Mothers and Daughters. 9.20 Gombrich on Art History. 9.40 Renaissance Music.
9.00 (FM) Reading Aloud: Political Gossip. Alan Clark's diaries for 1983-1990.
9.00 (FM) The Natural History Programme. With Kelvin Boot.
9.30 (FM) Costing the Earth. How Leicester is helping the environment.
10.00 News.
10.15 Concerto. Violinist Gidon Kremer in conversation.
11.15 In Committee. The activities of MPs in committee.
11.45 Seeds of Faith. The mystical use of language. Last in series.
12.00 News.
12.33 Shipping Forecast.
12.43 (LW) As BBC World Service.
12.43 (FM) Close.

BBC RADIO 5
6.05 Hot Pursuits.
6.30 The Breakfast Programme.
9.00 Alistair Stewart's Sunday.
12.00 Midday Edition.
12.15 The Big Byte.
1.04 Sunday Sport.
9.00 Fantasy Football League.
6.30 Carol Smillie's Blue Skies.
7.00 News Extra.
7.35 Back to the Future.
9.00 The Ultimate Preview.
10.05 Special Assignment.
10.35 Crime Desk.
11.00 Night Extra.
12.00 Nightcall.
2.00 Up All Night.

WORLD SERVICE
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6.00 News and features in German. 6.30 Composer Of The Month. 7.00 World and British News. 7.15 Letter from America. 7.30 Jazz For The Asking. 8.00 World News. 8.15 Mastersingers. 8.30 From Our Own Correspondent. 8.50 Write On. 9.00 World News. 9.09 Words of Faith. 9.15 Ray on Record. 10.00 World News and Business Review. 10.15 Seeing Stars. 10.30 Folk Routes. 10.45 Sports Round-up. 11.00 News Summary; Science in Action. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 Newsdesk. 12.30 The John Dunn Show. 1.00 News Summary; Play of the Week: A Midsummer Night's Dream. 2.00 Newshour. 2.00 News Summary; Frogs and Rosbifs. 3.30 Anything Goes. 4.00 World News. 4.15 BBC English. 4.30 News and features in German. 5.00 World and British News. 5.15 BBC English. 6.00 World News and Business Review. 6.15 Printer's Devil. 6.30 News and features in German. 8.00 Sounds and Sweet Airs. 8.30 Europe Today. 9.00 World News. 9.09 Words of Faith. 9.15 Sounds of Gospel. 9.30 Jazz Score. 10.00 Newshour. 11.00 World News and Business Review. 11.15 Seeing Stars. 11.30 Letter from America. 11.45 Sports Round-up. 12.00 Newsdesk. 12.30 Frogs and Rosbifs: Anglo-French relations. 1.00 World and British News. 1.15 Rock a Rica. 1.30 In Praise of God. 2.00 News Summary; Shakespeare and the Idea of England. 2.45 Mastersingers. 3.00 Newsdesk. 3.30 Composer of the Month. 4.00 Newsdesk. 4.00 BBC English. 4.45 Fruhmagazin.

MONDAY

BBC RADIO 2
6.00 Sarah Kennedy. 6.15 Pause for Thought. 7.30 Wake Up to Wogan. 9.15 Pause for Thought. 9.30 Ken Bruce. 11.30 Lesley Joseph. 1.00 The Garden Show. 3.00 Gloria Hunniford. 3.30 Ed Stewart. 5.05 John Dunn. 7.00 Hubert Gregg. 7.30 Alan Dell. 8.30 Big Band Special. 9.00 The 1994 British Jazz Awards. 10.30 The Jamesons. 12.05 Steve Madden. 3.00 Alex Lester.

BBC RADIO 3
6.30 Open University: Market Economics in Russia and China. 6.55 Weather. 7.00 On Air. 9.00 Composer of the Week. 10.00 Musical Encounters. 12.00 The Highest Form of Art. New series. Songs from American and British musicals. 1.00 The BBC Orchestras. 1.50 The Last Bache. 2.30 Berlin Philharmonic Orchestra. 2.40 New English Organs. 4.30 Norman's Conquest. Norman Granz's Jazz at the Philharmonic concert series. 6.00 The Music Machine. The history of the piano. 6.15 In Tune. Schubert, Delius, Sibelius. 6.30 Der Rosenkavalier. Richard Strauss's opera. Sung in English. 10.45 Mixing It. Music mixing styles and influences. 11.30 Music Restored. Clerambault and Couperin. 12.30 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Farming Today. Rural current affairs.
6.25 Prayer for the Day.
6.30 Today. With James Naughtie and Anna Ford.
8.40 Parting Shots. A series of audio memos from Julian Critchley MP.
9.00 News.
9.05 Start the Week. With Melvyn Bragg and guests.
10.00 (FM) Menagerie. New series. Fergus Keeling tunes in to the sound of the natural world.
10.00 (LW) Daily Service. From Bienau Gwent Baptist Church, Abertillery.
10.15 (LW) The Bible. The First Letter of Paul to Timothy.
10.30 Woman's Hour. Celebration of fathers and fatherhood.
11.30 The Lost Resort. A visit to Morecambe's Midland Hotel.
12.00 You and Yours.
12.25 Brain of Britain 1994. Nationwide general knowledge contest.
1.00 The World at One.
1.40 The Archers.
2.00 Dark Bells, Green Days. Florence Percy's first radio play.
3.00 Anderson Country. Topical phone-in debate.
4.00 News.
4.05 Kaleidoscope. A new production of the Magic Flute.
4.45 Short Story: Jack in the Green. By Beryl Bainbridge.
5.00 PM.
6.00 Six O'Clock News.
6.30 The News Quiz. Chaired by Barry Took.
7.00 News.
7.00 The Archers.
7.20 The Food Programme. The nation's eating habits.
7.45 The Monday Play: Deficits. By Derek Lister.
9.15 The New Recruit. The daily round of new postwoman Suzanne McLean.
9.30 Kaleidoscope. The Magic Flute in Leeds. Abridged edition of this afternoon's programme.
10.00 The World Tonight. Presented by Robin Lustig.
10.45 Book at Bedtime: The Real Life of Sebastian Knight. By Vladimir Nabokov.
11.00 (FM) Devout Sceptics. With Baroness Mary Warnock.
11.00 (LW) Education Matters. For learners of all ages.
11.30 The Older Woman. Tony Bagley's comedy drama, starring Zoe Wanamaker.
12.00 News.
12.30 Shipping Forecast.
12.43 (LW) As World Service.
12.43 (FM) Close.

BBC RADIO 5
6.00 The Breakfast Programme.
8.35 The Magazine.
12.00 Midday with Mair.
2.05 Ruscoe on Five.
4.00 John Inverdale Nationwide.
7.00 News Extra.
7.35 Good for a Quote.
8.00 Champion Sport.
10.00 News Talk.
11.00 Night Extra.
12.00 The Other Side of Midnight.
2.00 Up All Night.

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6.00 Morgenmagazin. 6.30 Europe Today. 7.00 World and British News. 7.15 The Learning World. 7.30 Frogs and Rosbifs. 8.00 World News. 8.15 Off the Shelf. 8.30 Discursive Excursions. 9.00 World News. 9.09 Words of Faith. 9.15 Health Matters. 9.30 Anything Goes. 10.00 World News and Business Report. 10.15 Sounds of Gospel. 10.30 The Learning World. 10.45 Sports Round-up. 11.00 News Summary; Frogs and Rosbifs. 11.30 BBC English. 11.45 Mittagsmagazin. 12.00 Newsdesk. 12.30 Composer of the Month. 1.00 World News. 1.09 Words of Faith. 1.15 Jazz Score. 1.45 Sports Round-up. 2.00 Newshour. 3.00 World News. 3.05 Outlook. 3.30 Off the Shelf. 3.45 Rock n Rica. 4.00 World News. 4.15 BBC English. 4.30 Heute Aktuell. 5.00 World and British News. 5.15 BBC English. 6.00 World News and Business Report. 6.15 The World Today. 6.30 Heute Aktuell. 7.00 News in German; Kaleidoskop. 9.00 Worlds News. 9.05 Outlook. 8.30 Europe Today. 5.00 World News. 9.10 Words of Faith. 9.15 The World Today. 9.55 The Vintage Chart Show. 10.00 Newshour. 11.00 World News and Business Report. 11.15 Showtime for Shakespeare. 11.45 Sports Round-up. 12.00 Newsdesk. 12.30 Multitrack 1. 1.00 World and British News. 1.15 A Jolly Good Show. 2.00 World News. 2.05 Outlook. 2.30 Folk Routes. 2.45 Health Matters. 3.00 Newsdesk. 3.30 Jazz Score. 9.00 Newsdesk. 4.30 BBC English. 4.45 Fruhmagazin.

Chess, Bridge and the Prize Crossword appear this week on Page XIV

A modern woman's place...

***Dominic Lawson** considers a controversy over the role of middle-class mothers*

Last week *The Spectator* published an articls called: "Tha Misery of Women". It argued, in essence, that the British middle class woman was never satisfied. If she did not have a job, she was envious of those women who did: men were not so bored by them. If she did have a job, she was envious of those women who did not: they did not have to put up with the unpleasant and uncouth manners of men in the workplace.

And, argued the author of the piece, James Buchan, both categories of modern middle class women envied their mothers, who were never expected to work, and were not ashamed to spend a life of leisure or pure domesticity.

While I thought Buchan's article both poignant and telling, it had not occurred to me that it went beyond the painfully obvious. However, it was denounced, the very next day, by the Daily Express as "spectacularly controversial", and was abused for its alleged foolishness and insensitivity by columnists in such diverse publications as the Evening Standard and the Independent on Sunday.

Do I need to tell you that every piece of such criticism was written by a woman, all immediately identifiabls as members of the second category of Buchan's miserable middle class? Buchan's analysis was, at heart, Marxist: the humanity of our woman was heing destroyed by the insatiable hunger of capitalism for cheaper sources of labour. That is why, bs argued "housework has been mechanised and the fridge is stocked with Marks and Spencer recipe dishes and the birth-rate is so low." Buchan argued that women would be much better off spending their time learning to cook and looking after the children they love.

It amused me to see analysis so influenced by the left's greatest political philoeopber heing denounced hy the legions of the politically correct, whose own philosophy usually amounts to no more than half-digested Marxism. This modern form of political correctness decrees that only women may justly pronounce on the misery of women, just as communist rulers used to insist that only members of the working class could truly pronounce on the wickedness of capitalist exploitation.

One might think that the reaction to Buchan's article, and the problem be identifies, is peculiarly of our time. One would be wrong. Half a century ago C E M Joad was Britain's most famous popular philosopher and the resident leftie on the panel on the leading radio question and answer programme.

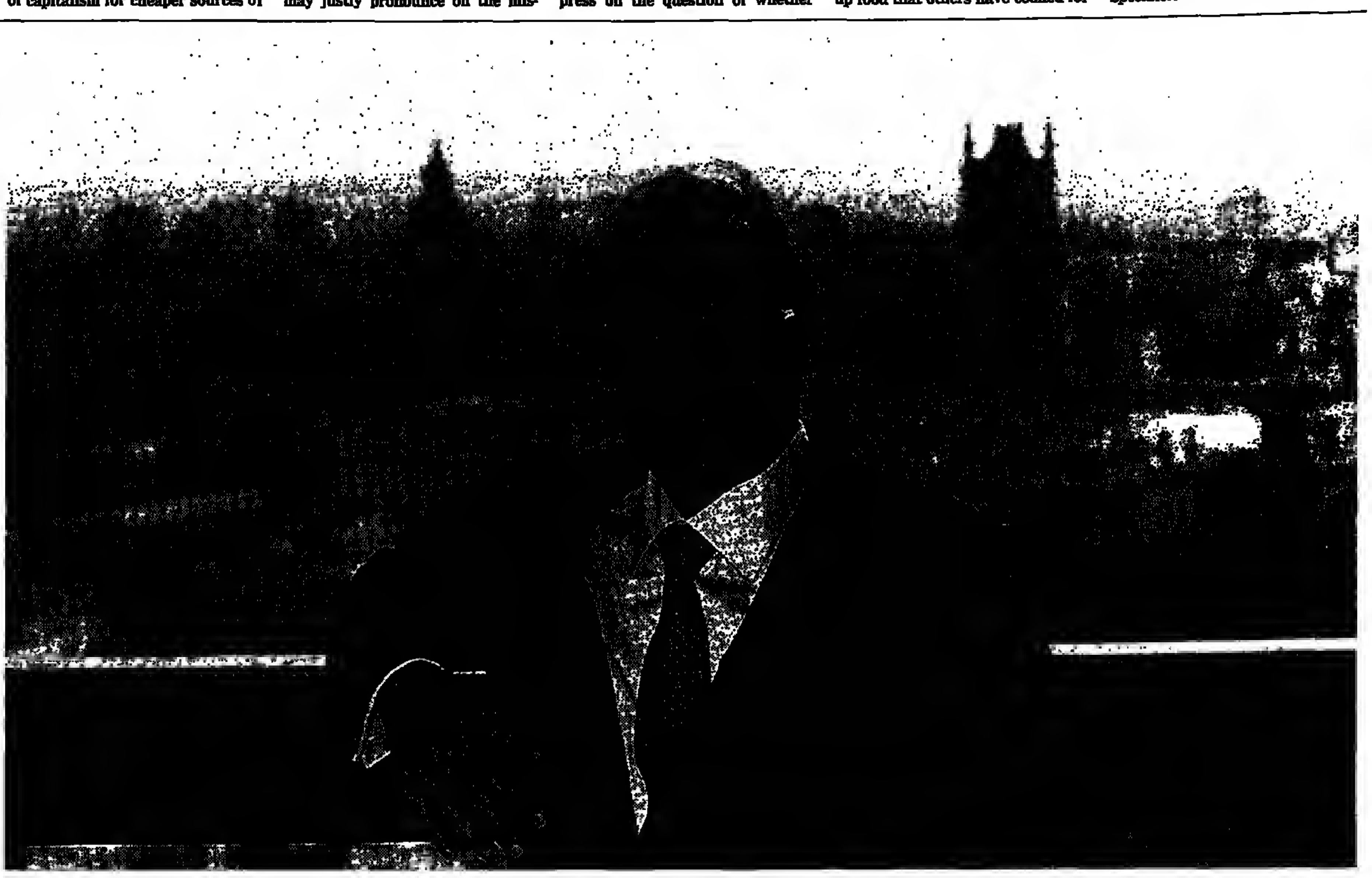
In his autobiography Joad has a section "Women in the Home". He remarks: "There is a controversy perpetually revived in the cheaper press on the question of whether women should go back to the home. What is not usually realised by the participators in this controversy is that for the middle-class woman – and it is over the middle-class woman that the controversy rages – there is no boma to go back to ...growth of transport facilities, increase in mechanical and electrical appliances... have left of [the home's] varied duties only an automatic routine. The middle-class woman neither brews nor bakes; she does not wash; she has no skill in the making of conserves and regards cooking as on the whole a nuisance. To mitigate this nuisance she does not cook so much as warm up food that others have cooked for her..."

This was written in 1932, and by a man who described bimself as "a socialist" and a "feminist". Today Joad would be regarded as a reactionary old misogynist.

The chief difference between Joad's analysis of the middle class woman's lot and that expounded by Buchan, is that the former believed that modern industrialism bad made the housewife redundant – gadgets did ber work for ber – while the latter believes that gadgets have been designed to allow women into the male world of employment, and therefore to make their busbands redundant.

Meanwbile, since I publisbed Bucban's strictures, the atmosphere in the Lawson bousebold has become a little frosty. These are dangerous waters, Watson, as that incorrigible bachelor, Sherlock Holmes, said.

■ *Dominic Lawson is editor of The Spectator.*



Trevor Humphries

Private View / **Christian Tyler**

The billionaire without a penny

Srichand P. Hinduja, the vegetarian, teetotal head of a very secretive and very wealthy family, explains that he owns nothing

Run your finger down the form guide to British billionaires and you will find, tucked in behind the Duke of Westminster at number eight and valued at around £1.35bn, the name *Hinduja*.

Who?

The Hindujas, four brothers, belong to that mysterious caste of international middlemen who spin the wheels of the world economy. Originally from Sind in the Indus valley, a cradle of civilisation and now part of Pakistan, the family made its first fortune as traders in Iran before moving headquarters to London when they saw the Shah was about to fall.

Srichand P. Hinduja ("Mr S.P.") is the eldest brother and chairman of the group. As one would expect of the head of a private empire whose secretiveness has encouraged whispers of financial scandal, or of a father who has lost his only son in tragic circumstances, he very rarely succumbs to interviews.

He sat, a diminutive figure, at the head of a big polished table high up in New Zealand House in London's Haymarket. A secretary placed a tape recorder at his elbow and Mr S.P. opened the interview: Had I been to India? Had I interviewed other Indians, other Asians? What did I know about the group?

He was as suspicious as a mussel exposed by the tide, slow and circuitous in his replies, warily parrying each question as if expecting to be disbelieved. But when he talked about his 22-year-old son Dharam (Hinduja does not accept the coroner's verdict of suicide) the shell began to open and soon he was calling me "my dear friend".

Apart from commodity trading and finance, the brothers have asset management and investment banking in Switzerland, motor manufacture (Ashok Leyland) and chemicals (IDL Chemicals) in India, oil deals (Gulf Oil Trading) and infrastructure projects almost everywhere. They have just set up one of the first private banks in India in 40 years. They have a staff of 20,000 and a turnover of "several billions".

What they own, they own collectively. "All the houses belong to everybody, all the cars belong to everybody," Hinduja senior said. "There is no 'this is mine, this is yours'. All the children belong to everyone. We have kept one kitty. Everyone works as a duty. There are no wills."

So you, Mr S.P., don't have...?

"Not a single penny!"

Gopichand ("Mr G.P."), the second brother and group president also based in London, is rounder and jollier. He and S.P. jostle each other verbally like competing schoolboys. The third brother, Prakash, runs the financial arm, AMAS, in Geneva and the fourth brother, Ashok, the Indian businesses.

They are vegetarian, teetotal and non-smoking. Hinduja senior does not even drink tea, coffee or fruit juice. "I don't want to depend on things which if tomorrow I don't get I feel sorry about," he explained.

"My parents used to live this way. They thought it was religious. Ws are not living like this because of religion but because we have made research on what is good for the buman body."

From their father Parmanand ("the late fatber") they inherited not only the first $1m but also a sense of philanthropic duty. Their Hinduja Foundation supports a hospital and colleges in India, scholarships to Cambridge University, research at Harvard and various youth adventure, artistic and sporting concerns. This was to honour the Vedic tradition of altruism, where self-promotion is rewarded with disgrace.

The brothers refuse to deal in meat, because that offends a scriptural injunction against killing animals, or in alcohol, gambling or racecourses.

What about weapons? I asked, recalling newspaper allegations, later retracted, that they had traded arms in Iran.

"We don't deal in weapons. We were supplying the defence industry with non-ferrous metals, batteries, lead, antimony, chemicals. But where there is a financial package to be organised, or counter-trade to be organised we will do it. Let's make it very clear. We do not promote arms sales. But if someone asks us to arrange the raw material end of a counter-trade, we will gladly assist."

Gopichand was one of those named in a prosecution report following the Bofors scandal of 1987 when bribes were alleged to have been paid by the Swedish company to secure a howitzer order from the Indian Government. The allegations were dropped after a Delhi high court ruling. Srichand said he had never denied having counter-trade relations with Bofors' parent group, but was not involved in arms promotion. The accusation was the work of political enemies.

Politically-motivated "character assassination" was also to blame for the fact that AMAS had been involved in a Swiss investigation into drug-money laundering this year. It was not a bank, said Hinduja, and could not accept deposits.

"Because we don't speak, we don't blow our trumpet, peopls think 'Oh, there must be something going on.' If I were to publish the prosecutor's letter people will be astonished to see how they are being taken for a ride."

So the accusation against AMAS...?

"...is bullshit."

If secrecy leads to these false suspicions, why not open up?

"A private group, being a trader and banker, doesn't have an obligation to the public or media to say why and how I have made my money. But if they are interested to know what business I am doing, that is very open." Once the deals were complete the media could easily find out about them, bs added.

There was nothing wrong in paying or receiving commissions. Every banker or professional did it. Even those who offered access – "the door-openers" – were entitled to charge.

"I only see a problem where the system, like in the developing countries, is not of the free market, where it is more protected. This leads to a lot of corruption. I am against the corruption. I have been lobbying in every country that they should leave business to the business people."

Often described as friends of Baroness Thetcher, the brothers have been entertained in Downing Street and named in the press as donors to the Conservative Party. Was that true?

Hinduja embarked on a rambling answer about how the brothers never courted publicity, how much they were misunderstood, but how their consciences were clear. "Let anybody say anything. It doesn't matter to us."

He went to Downing Street and other such functions, he said, to promote understanding between his host country and his mother country, just as he does between Iran and India.

Mr Hinduja, I said, do you give money, have you given money, to the Conservative Party?

"OK. Let me tell you. We have never given money to any political party for the party funds. Ws have been attending the balls, Conservative balls, Labour balls, where we take our friends to observe what is happening, how they are having these functions, how they collect funds... with auctions."

Have they asked you for money?

"Well, they do keep on inviting us so thet we would contribute for the funds. They know that we are rich men, but most of our contributions have been for dinners, like contributing for good causes where we know that it is directly concerning mankind. But what you have read in the newspapers we don't like to contradict. We don't like to get toto that controversy."

Later he said: "I am not saying that I don't like to make money. But my first objective is how I can offer my services to mankind, which can bring in better understanding and lesser miseries and sufferings in the human race.

"It is obvious in a free market each will get a slice of cake according to his capability. If I am one of them, there is nothing wrong in it. But I haven't started with the objective of how big the slice of the cake will be for me.

"I have not told any head of state 'You have to do this for me.' On the contrary, I keep on telling them that there should not be any favour given to any businessman, so that later on people can finger yon and finger me. I am against protection. I say there should be a competition, open and fair. Then let us see who wins the race."

If his business philosophy is free market and secular, Hinduja's private philosopby is increasingly mystical. His chief memorial to his dead son is a research institute set up last October with the help of Columbia University in New York to study religious texts for the pre-scientific knowledge they contain. "This knowledge can benefit the entire world with proven scientific applications," he said.

Dharam died of severe burns in London two years ago after he and the girl he had secretly married were traced to a hotel in Mauritius. Press reports described his death as a suicide pact and blamed it oo the family's rejection of the girl as a suitable daughter-in-law.

But Hinduja senior – who was at his eon's bedside hut refused to attend the inquest – does not accept either assumption. "It is a mystery to the family. This is all I can tell you. That is why we are still very much confused."

Did you try to stop the marriage?

"My dear friend, people are free to write what they like. But this is not the truth. This is all I can tell you. I cannot say thet it was a suicide. I cannot say that in our family one is not allowed to live and operate the way he or she wants."

Do you blame yourself at all?

"No, because if there was any blame I would not have revived. I would have gone crazy. On the contrary I am going in such directions and getting sncb enlightenment that I feel more strength, more and more confidence."

His next project is to make a Hollywood film, "the biggest production ever made", to convey his message to the world.

What is it about?

"What is everyone in this world interested in?"

Security?

"Not security."

Contentment?

"Can you name in one word something everyone wants?"

Self-respect?

"No. Success. Success is the bottom line of everything. There is no buman being in this world who says he doesn't want success."

Despatches / **James Morgan**

Rules to trap the unwary

Being away from Europe for a couple of weeks certainly helps put the old world in perspective. One of the pleasures of visiting the United States is the enjoyment of the marvellously deregulated world of work the International Monetary Fund commended so vigorously last week to west Europeans.

And yet the experience of the realities of American life is one of incessant and constantly increasing regulation. Only Germany and Switzerland get near it to European terms, but then the US has often seemed to owe more to its German heritage than to the British. Look at the food, the picnics, the houses and the taste for short trousers.

But maybe I am alone in finding myself in a sometimes Kafkaesque world, the world of a bombardment of instructions. I recall the shock I felt, nearly a quarter of a century ago, on boarding a Greyhound bus in California and seeing a sign which read: "Smoking permitted unless prohibited."

Today, of course, there is no such latitude: "If you smoke you will be shot" would be a more likely warning. Shooting is one of those areas which remains highly deregulated, requiring no licence, certificate of proficiency or permit to do it.

This is probably because it involves no communication, in any real sense, between buman beings. Once you enter that sphere, life consists of hazards of enormous complexity. Ordering food is merely one, the multifarious ways in which an egg can be prepared and the varieties of bread in which the contents of a sandwich might be incarcerated provide unexpected pitfalls for the stranger.

Those who choose to visit "the nation'e capital", as Washington quaintly calls itself, should realise it is no use asking a taxi driver to take you to the White House. Every destination has to be noted by its address. Well, not quite its address, but the street it is on and the nearest street that crosses it. So the White House becomes "Sixteenth and Pennsylvania".

Arrivals at Dulles international airport give an insight into ths New World of communication, the need to state the obvious. As you pass from your aeroplane to the immigration hall by a curious car on stilts known as a mobile lounge and cross the runways en route, small signs say, "Aircraft have priority". Similarly, if you travel the wrong way down freeways, signs will shout "Wrong way".

I imagine the purpose of sncb deliberate redundancy is to avoid the attentions of that caste of superior American beings who play a role that approximates to that of the communist party in the old Soviet Union: the lawyers.

Their control over national life is astonishing, their contribution to national wsll-being minimal. A friend of mine who, as an act of charity, masterminded the sale of s medical group practice last year, received visits nearly once a week from officials proffering writs to the value of $5m. That, apparently, was normal. The purpose was to ensure any legal suits could be underway before tha transfer of ownership took place.

Aspects of the old Soviet Union have appeared in the state of Maryland today: bomeowners bave to sort their garbage into five bags. They are then flung into the same truck. (Glass, it is argued, will not break because bags that contain it land on newspapers.)

The bags are then sorted by teams of poorly-paid individuals. In Newark, garbage inspectors bave the right to open bags in the street to see if the garbage has been correctly sorted and to take Polaroid photographs of offending materials to provide evidence for legal action.

Another Soviet-style trick is the existence of conflicting regulations to trap the unwary.

A fine was highlighted last week in Dr Gridlock, a regular column providing a banquet of information in the *Washington Post* on local traffic problems. June Basbkln complained that sbe parked ber car at a meter, got back within the appointed time and found $50 ticket. The meter was placed in a no parking area and snbseqnent inspections have shown other cars regularly plastered witb tickets. Another profitable little job for the state sector.

Once you rid yourself of these problems and drive on the open road, the difficulties multiply. There are, according to American friends, abont 10 times as many signs on the highways as one might find in Europe. They are contradictory and of bttle help wbcn seeking a small town or unusual destination. In Miami such systems have had lethal results for tourists.

But then one of the paradoxes of the free and flexible market is that it can work only with s high degree of regulation. And that is how free markets can create jobs.

■ *James Morgan is economics correspondent of the BBC World Service*

For the want of a nail

Michael Thompson-Noel

I arrived home on Thursday evening, grey with exhaustion, to find Miss Lee, my executive assistaot, serving Vera Lynns (lime, tonic, gin) to a trio of young lawyers encamped in my sitting room. I could tell they were lawyers – not from their suits and briefcases or red, buttony eyes but from the stencb of money that swirled about them like the smell of rotting mangrove in a moon-less swamp.

I did not interrupt. From what I could see they were in awe of Miss Lee, who was certainly looking a picture and who spoke to them throatily while dispensing the Vera Lynns. Miss Lee, a Thatcherite, is at present celebrating the return of the glam-rock influence to London *hout couture*, and was wearing something sequinny, in a new, miracle tulle – saffron, I suppose you'd say it was.

I retreated to the lower floor of our Notting Hill duplex. Cooked dinner. Cleaned the kitchen floor. Spent some quality time with the cat. Watered the camellias on the patio. Laid the table with the laughing-kookaburra placemats that we use in mid-week. And waited for Miss Lee to finish her business with the mangrove-heads and join me for dinner.

Which she did, eventually, with a magical rustle of tulle. We started our meal. Miss Lee poured herself a glass of house red, from a winery near Quillabamba, but could not touch her food. She was obviously

HAWKS & HANDSAWS

excited.

She said: "I expect you are wondering, Michael, why my lawyers were here this evening, *non?*" It turned out that Miss Lee had been entranced by the news that a High Court judge in London had ruled that a man, Martyn Ginder, was two-thirds to blame for an accident in which his wife, most unfortunately, had broken her back while trying to rescue their young son from a car-port roof.

The husband had been asked at least 10 times in three months to mend the window through which the child had climbed out. As a result, the wife, now wheelchair-bound, had claimed an estimated £500,000 against her husband's household insurance policy. Damages will be assessed at a later date.

"All *deeply* upsetting," said Miss Lee, stroking her glass. "But also educational. Hence the attendance here this evening of my lawyers, who are insisting, Michael, that your household insurance policy be raised to £2m *tout de suite*, plus half a million for various extensions."

"Extensions?"

"I shall come to those. But let us deal first with basic household liability. As you know, £2m, these days, is neither here nor there. It is a vsry small sum, though large enough, just, to cover against damage to my person occasioned by your limpness on the DIY front."

"DIY?"

"Do-it-yourself. Household maintenance. Running repairs. Toolbox. Men's work. I have asked you 20 times since Christmas to re-hang the John Bellany in the sitting room. It is a major work of art, no one can deny, but also immensely heavy. My lawyers dread to think what damage it might cause should it fall and strike me – and all for the want of a nail.

"There are other things about the flat that fill me with alarm. That ill-fitting drain-cover which allows all the rats hereabouts, bombed as they are on higb-class dope, to cavort across our patio morning, noon and night. That bracket-thing over the cooker. The carpet by the stairs. You are the man around here, Michael. The place should be ship-shape. That is your *role*."

I said: "You know I'll have no truck with this role-playing crap."

"Exactly," said Miss Lee. "Which is why my lawyers are adamant that the time has come to raise your household policy to a nice £2m, so that my person is protected."

"What are these extensions?"

"I was about to come to those. My lawyers maintain that your household policy should be extended so as to insure me against stress or psychological damage caused, or likely to be caused, by matters or situations other than mere maintenance."

"Example?"

"Well... riding around in the Rover. My lawyers agree that a woman of my sensitivity is highly vulnerable to stress if she is obliged to travel around in a six-year-old Rover car driven by a person as eccentric as you. There are various other matters – bedroomy, nocturnal – to be covered by the extensions. Half a million should do it, just about."

A debtor's calculated gamble

Iran, accused of planning to arm the IRA, is using its economic weakness as a weapon, says Roger Matthews

Britain's accusations that Iran has been collaborating with the IRA are unlikely to dent its smiling defiance, for the simple reason that the government in Tehran thinks it has the measure of the industrialised world. It is an assumption based on the calculation that, whatever Iran may say, and perhaps do, the commercial self-interest of competing nations will ultimately work in Tehran's favour.

On the face of it, Iran has little to smile about. It is heavily in debt, oil revenues are sharply down, inflation is rising and the economy contracting. But it has succeeded in at least postponing the economic crisis by persuading Germany, Japan and other trading partners to reschedule an important slice of its short-term debt. Its defiance remains directed primarily at the US, which unsuccessfully sought to persuade those countries against offering Iran any relief from its worsening economic problems.

"We always knew the importance of our market to the west and have now learned the power of owing billions of dollars, rather than just a few hundred million," said one official in Tehran recently. "By halting debt payments in December we were able to concentrate the minds of our creditors on achieving favourable agreements."

Iran offered nothing political in return for the rescheduling and, in particular, has not moderated its ambition to export the message of revolutionary Islam to the world's 1bn Moslems. Senior officials are generally encouraged by events in Algeria, Sudan and Egypt, where they sense that the popular political tide is swinging ever more in their direction.

For the US, the British allegations that Iran was preparing to supply finance, weaponry and training to the IRA were particularly timely, as they appeared to lend weight to its assertion that Iran is one of the main sponsors of international terrorism, and justify the American policy of seeking to isolate Tehran economically. However, the US may also reflect that its efforts to limit Iran's economic prospects have proved less effective than the self-inflicted damage caused by the government in Tehran. Since the end of the eight-year war with Iraq in 1988, Iran has squandered the one solid achievement to have emerged intact from that appalling conflict: its international financial reputation.

Iran escaped from the war almost without debts and a reputation for meeting its obligations on time. But the combination of the government's desire to compensate people for their suffering, and the central bank's failure to control letters of credit, proved calamitous.

Imports surged out of control, and today Iran's total outstanding debt is about $25bn. The country is 14 months behind in meeting payments on letters of credit, and its access to urgently needed long-term international funding is almost nil. It also has to cope with a population which has doubled to more than 60m since the 1979 revolution, an infrastructure damaged by war and neglect, and the probability of continued oil price weakness causing a sustained loss of government revenues.

Iran's leaders blame anyone but themselves for their troubles, but as the country's economic plight continues to deepen, so domestic tensions are likely to grow. The government has bought itself a financial breathing space through the debt rescheduling now being finalised, but the respite is limited, both in time and in the immediate effect on Iran's hard-pressed finances.

The country's short-term debt is estimated at about $14bn, including some amounts rescheduled last year. Of this, current arrears are put at $9bn with some $6bn-$7bn covered by export credit agencies. Another $7bn is thought to be due for repayment during the rest of this year.

The German package covers arrears of about $2.5bn. It allows for a two-year grace period and repayments to be made in equal tranches over the subsequent four years up to the end of 1999. Similar bilateral deals are being finalised with Japan, (up to $2.3bn), Switzerland and Austria (another $1bn each). Government officials claim that, together with reschedulings involving Italy, France, and other European nations, this will provide relief on nearly $8bn of debt arrears.

The US may hope that the British revelations will push the creditor nations into reconsidering the rescheduling arrangements, but whatever the outcome Tehran is still firmly caught on the financial hook. With about 85 per cent of government revenues deriving from oil, the shortage of hard currency to fund all but the most essential imports will remain acute.

Problems shelved: Tehran's shops are packed with western goods, but this situation may not last for much longer

But, in a new year message last month, President Ali Akbar Hashemi Rafsanjani saw not a cloud on the horizon, a view likely to have been received with scepticism by the Iranian parliament, which has taken a more critical view of the economy. During the budget debate earlier this year members forced the government to slash its oil revenue estimates for the year beginning March 21 from $14bn to just over $10bn.

Although imports have fallen by more than 40 per cent in the financial year which ended last month, visitors to Iran's main ports report quaysides stacked with consumer goods. Shops in Tehran are still well supplied with western fashions, perfumes, and electronic equipment, while caviar can be bought at just $50 a kilo, somewhat less than the price of a bottle of smuggled vodka.

Indications that this situation cannot persist for long are beginning to emerge. Inflation, officially running at 23 per cent, may be closer to 50 per cent, with some items having doubled in price during the past year. Government efforts to unify the exchange rate are faltering as demand for dollars increases, with the rial recently trading at about 2,500 to the dollar on the free market compared with the official rate of 1,780.

One political consequence has been the steady erosion in President Rafsanjani's authority. Parliament has turned increasingly against him. First, it refused to endorse the renomination of Mr Mohsen Nourhash as economics minister, and then in January this year displaced Mr Rafsanjani's brother from the key role as head of television and broadcasting. And when the president proposed a doubling of petrol prices, from the ludicrously low equivalent of 2 US cents a litre, parliament refused.

While President Rafsanjani's fortunes have declined, those of less pragmatic Ayatollah Ali Khamenei, the spiritual leader and successor to Ayatollah Khomeini, have strengthened. Few Iranians doubt Ayatollah Khamenei is an ambitious man, but opinion is divided over whether he ultimately regards Mr Rafsanjani as a political ally or a disposable rival. Ayatollah Khamenei also has his own problems, particularly with the Shia clerical establishment in Qom, which is ill-disposed to recognise him as the senior religious authority following the death in December of Grand Ayatollah Mohammad Reza Golpayegani.

With so many competing centres of authority, the prospect for a single, coherent approach to the country's economic difficulties and foreign relations appears remote. Ministers act independently of each other, the president cannot impose his will on parliament, leaders of wealthy religious foundations cannot be stopped from dabbling in international politics, and the clergy is disunited, leaving only the old slogans of the revolution as a common point of reference.

This, of course, is not the Iran that its leaders see and cherish. They mock western doubts about the regime's durability and place any current difficulties in the historical context of Iran's revolution. This, they remind visitors, is the revolution which overthrew the Shah, survived the war against Iraq, faced down 15 years of hostility from the US, and routed all domestic opposition.

But what the revolution has not yet demonstrated is an ability to create economic growth, reduce unemployment, narrow the vast gap between rich and poor, and manage the nation's considerable resources intelligently. On those issues, the Iranian public will eventually make their views felt.

Do Whitehall's outside consultants provide value for money? John Willman examines their role

Con artists or cost-cutters

Management consultants are the people who borrow your watch to tell you what time it is and then walk off with it, in the famous judgment of Mr Robert Townsend, the former chairman of Avis.

His 1971 opinion is still widely held in business. A survey of company directors in Scotland last year rated management consultants lowest of any profession for their contribution to business, ability to grasp company requirements and value for money.

Now dissatisfaction has surfaced in the public sector, with an unpublished government report on the use of external consultants by the civil service. The UK Cabinet Office efficiency unit could find savings of just £10m from expenditure on consultancy of more than £500m a year – less than 2 per cent of the cost.

By contrast, £78m was spent on internal consultancy in 1992-93 saving £18m, 23 per cent of the cost.

The findings of the report, revealed in the Financial Times on Tuesday, unleashed a political storm over the waste of resources. But the commissioning of the report indicates that ministers have become increasingly uneasy over the enormous growth in the use of external management consultants in Whitehall. A series of reports by the National Audit Office, the public expenditure watchdog, have already criticised the waste of money on consultants by the civil service and the health service.

One highly placed civil servant, referring to use of consultants, said: "Some of these reports cost an arm and a leg and tell you nothing you didn't know already."

The explosion in consultancy use and other outside advisers by the public sector has been relatively recent. In 1985, public sector work brought in £34.5m for members of the Management Consultancies Association (it covers about half the consultancy market). By 1993 this had increased to £209m.

Privatisation was one important area enabling merchant banks, accountants, City lawyers and PR consultants to rake in lucrative fees for selling off utilities such as BT, gas, water and electricity.

Another opportunity was provided by the computerisation of civil service work such as tax collection, which created some of the largest IT projects in western Europe. The computerisation of the Department of Social Security involved at its peak 250 staff from Andersen Consulting, the world's largest consultancy.

The growing pace of Whitehall reform gave a further boost to consultancy in the late 1980s. Consultants were called in to advise on the creation of more than 90 executive agencies to improve the delivery of central government services, such as the Benefits Agency which pays social security benefits. The Citizen's Charter required marketing and customer-handling skills that the civil service lacked. Consultants advised civil service departments on market-testing, and their staff on how to win contracts. And the latest move to privatise executive agencies will mean more lucrative work for City advisers.

By 1992-93, civil service expenditure on all forms of external consultancy had reached £565m a year, the efficiency unit estimated. A sample of quangos – non-civil service bodies financed by government – suggested they were spending a further £124m a year on consultants.

Around half the money being spent is used to help implement government programmes. Consultants help design roads and defence equipment, advise foreign governments as part of the foreign aid programme and devise training strategies.

Nearly a third of the total, £160m, is spent on IT advice.

Most of the remaining £130m is to help improve the management and structure of the civil service.

Consultants are quick to point out that the figure of £10m for the savings from this expenditure is not an accurate reflection of the benefits.

"Benefits aren't just about savings, they're about achievement," says Mr Nick Rawlings, head of the public sector practice at PA, one of the largest UK consultancies.

Mr Brian O'Rorke, director of the Management Consultancies Association, says that even where there are savings, the civil service often fails to quantify them. "Businesses are much more accustomed to estimating the savings from a project in advance and then checking on the actual savings afterwards," he says.

Mr Keith Burgess, managing partner of Andersen Consulting in the UK, says that neglecting to calculate the benefits is a consequence of the civil service obsession with controlling costs.

"Civil servants emphasise process in buying consultancy, ticking boxes to show that every check has been made so that the result cannot be challenged by the National Audit Office," he says. "In business, there is a far greater emphasis on individual responsibility, with a senior manager in charge of commissioning consultancy and seeing it through until the benefits can be released."

Much of the efficiency unit report is devoted to improving the process of buying consultancy. Essential to this is the development of policies for using consultants.

"There is a common feeling, rightly or wrongly, that for significant projects some ministers will not be persuaded by advice from civil servants alone," the report says. "There needs to be a report from consultants, preferably one of the large consultancy firms, to give proposals credibility."

In many cases, the report says, consultants are used in a reactive fashion, to deal with particular problems. Projects are commissioned by relatively junior staff, which are then not implemented because the staff lack sufficient authority to carry the projects forward. Communication between departments on similar consultancy work, which would prevent duplication and reduce costs, is limited.

Mr O'Rorke says that Whitehall departments need to take consultancy more seriously. Project specifications should identify expected benefits and be finalised in a dialogue between the department and consultancy. Mr Burgess says: "The best consultancy delivers benefits to the stakeholders in an organisation by creating a partnership between the consultants and the clients."

The report goes further, and questions whether some consultancy is needed at all. To avoid duplication it suggests a government-wide database of completed consultancy work.

And some management improvements could be better achieved by adopting benchmarking techniques used in business. These involve identifying best practice in other organisations and copying successful techniques.

The consultancy industry is outwardly sanguine about the fall-out from the report. "More intelligent buying will mean that the money is spent better – and the government has plenty of scope for improvement," says Mr Burgess.

And Mr O'Rorke sees no sign of a collapse in the market.

They may be right. But one thing is certain: the glory days for consultancy in central government are over. After the embarrassment of this week's report ministers will make sure that future projects are more rigorously justified.

Spin and tonics

French chefs are trying to whet appetites, says Nicholas Lander

"Quite simply, there are too many restaurants in France."

This observation comes not from a prospective visitor to France somewhat perplexed by the 10,676 entries in the 1664 Michelin Guide, but from Michel Roux, three-star Michelin chef.

Although Roux is based at the Waterside Inn, Bray, Berkshire, he keeps his finger on the culinary pulse of France via Relais & Châteaux, the marketing consortium of top hotels and restaurants, and the Maitre Patissiers de France, an elite culinary group of which he is vice-president.

In Colmar, Alsace, recently for Festiga '94, a gastronomic fair, Roux heard a collective groan of distress from French restaurateurs. Of immediate concern is the oversupply of restaurants. But more worrying for a country that considers itself custodian of the world's finest culinary traditions, the youth of France, reared on 'le fast food', are no longer attracted to a career in the kitchen.

Business has been in decline since 1991 but last year was for many restaurants the worst on record, culminating in chefs' protests in south-west France, led by local chef André Daguin. The French government's 'franc fort' policy has dented the tourist market and to survive several top Parisian chefs, including Jacques Cagna, Michel Rostang and Guy Savoy, have opened more relaxed, less expensive brasseries, such as La Butte Chaillot, La Rôtisserie d'en Face and La Rôtisserie du Beaujolais, which have menus priced about 40 per cent lower than at their main establishments.

A few top Parisian restaurants, such as those run by Joël Robuchon and Bernard Pacaud, may be booked ahead but it is for weeks rather than months as it was in the 1980s. Outside the big cities, business is quiet, particularly at lunch. According to Roux, 1994 may be "bloody".

Part of the damage is self-inflicted. While French restaurateurs have priced their food sensibly, via fixed-price menus, their wine pricing has been rapacious. Normal practice is to take the wine's cost price and multiply it by between 4.5 and 6 to arrive at a selling price inclusive of 18 per cent tax and 15 per cent service. This policy has discouraged many US visitors, used to lower mark-ups, and upset several French winemakers.

Twenty-one top champagne houses have given French restaurateurs a marketing lesson by launching a campaign to boost consumption. They are offering a 20 per cent rebate on the cost price if restaurants agree not to charge more than Fr300 for non-vintage champagne. More than 900 restaurants are taking part.

France's youth are no longer attracted to a career in the kitchen

But at Festiga '94, in the presence of Paul Bocuse, perhaps the world's most renowned chef, the Maîtres Cuisiniers de France launched a much grander initiative, entitled 'Parcours du Professionalisme Gastronomique', to overhaul the entire industry, stimulate demand for good food and inspire the next generation of French chefs.

Put simply, the plan is to grab them when they are young. Chefs will now visit primary schools throughout France to explain the importance of good health and good food so that, as schooleavers, they will consider a career in catering. Other measures were announced to upgrade the training for those at college and to reward more positively trainee chefs and waiters in restaurants. Each trainee chef will receive a "Passport to Professionalism" sponsored by the local branch of the bank Credit Mutuel.

On the fair's demonstration stands the policy was being put into practice. As three-star chef, Michel Troisgros, was cooking barbary duck with turnips in front of an audience of 500 French adults, another professional chef was supervising 5-year-olds, dressed in white mini-chefs' jackets and hats, as they cut strawberries and vegetables. Behind were their drawings of butchers' and bakers' shops under the heading: "If I do not eat meat, eggs or fish, I will not grow up big and strong."

Will French restaurants find it difficult to attract new customers or chefs? Troisgros laughs. "At the top end of the market we need extra customers," he says. "Although business is good, we would like an extra 10 customers each service to take it back to the level it was four years ago."

For other less well-known French restaurants the competition for customers and good staff is almost certain to intensify and may lead to a significant restructuring.

One solution to an oversupply of restaurants and a shortage of good chefs may lie in restaurants grouping together. Philippe Bohrer, 31, a one-star Michelin chef at Rouffach, Alsace, has formed Syndicale Gourmande with three other chefs because, he says: "Chefs today have to sell themselves to their customers and to their staff, and go where their customers want, even taking restaurants into homes or offices."

'Restauration à la domicile', Bohrer's vision of the future, may be the most important change the industry has undergone since the French Revolution broke up many of the great houses and transformed France's domestic cooks and servants into the world's first restaurateurs.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Deregulation proposal a threat to many local authority markets

From Mr J S Whitaker.

Sir, Despite a large number of objections, the government is forcing through a bill which threatens the future of local authority-owned markets. The Deregulation and Contracting Out Bill will remove common law protection for markets built on common law and provided by market rights. Rights of markets in private ownership will not be removed.

The government received 2,322 responses to the bill. Of these 2,049 objected to the market deregulation proposal.

One of the reasons given in replies from ministers at the Department of Trade and Industry is that there are "waiting lists of potential stall holders" for market stalls. This statement is an indication that ministers have not visited the markets before proposing legislation which could have serious effects on the future of markets, particularly those in small market towns.

In my authority between 2 and 70 per cent of stalls are empty each market day, and on speaking to colleagues throughout England and Wales the pattern of empty stalls is very similar. This failure by ministers to visit markets is in stark contrast to visits by transport minister, Mr Steven Norris, to towns and cities regarding the review of taxi licensing. He is experiencing at first hand the views of the trade, public and local authorities.

I ask every MP and member of the House of Lords to visit the markets in their constituencies on market days and see for themselves the present situation, and judge whether the city and town centres can afford the rush of new markets and car boot sales which will appear when the floodgates of deregulation are opened.

J S Whitaker,
head of licensing and markets service,
Kirklees Metropolitan Council,
Estate Buildings,
Railway Street,
Huddersfield HD1 1JU

The real Europe for real people

From Mr George Thomas.

Sir, Your editorial "Germany's Europe" (April 28) marks the FT as the last bastion of those who believe that "the over-mighty sovereign Germany", as you put it, can be tamed by absorption into a united Europe. You then go on to describe this ideal Europe as one in which the many peoples of Europe, mollified by full bellies and material prosperity, will accept the dominance of Germany as a fair price for pacification of the monster.

But real people are political and tribal. Real people, even rich ones if we could always hope to be rich, have aspirations to at least the sense of a say in their governance. When in a minority they need national loyalty to accept their disappointment and tolerate laws they dislike. Europe, particularly one dominated by one country, cannot meet these demands. This may be bad for business but it is true and for this reason the Europe that you wish for will not continue to be the "zone of stability" that we have come to accept so complacently and which you choose to abandon so recklessly. Your Europe will be as fractious, unruly and tense as any previous colonial empire.

George Thomas,
17 Campden Hill Square,
London W8 7JY

A difference that is more than just semantics

From Mr Christopher Conway.

Sir, I read with interest Lucy Kellaway's excellent article, "Gams rules in black and white" (April 25). However, her assertion that competencies "may include skills, knowledge, understanding and willpower" is fundamentally flawed.

Our latest research at Ashridge indicates that it is necessary to separate competence, identified as qualities or attributes, from competencies which are management behaviours in a role.

The failure to identify these two distinct yet complementary elements lies at the root of much of the confusion surrounding the successful implementation of competencies for top managers.

It is not just a question of semantics.

Christopher Conway,
senior researcher,
Ashridge Management Research Group,
Ashridge Management College,
Berkhamsted,
Hertfordshire HP4 1NS

Deterrent overdue

From Mr T W Phillips.

Sir, The plan by Michael Howard, the home secretary, to introduce a law to punish those who obtain private information by deception is long overdue ("Howard moves to protect confidential information", April 16).

As legislation throughout Europe moves towards greater transparency when storing personal information on computer, the growth of an underworld dealing in "confidential information" is an insidious corollary.

A deterrent is vital, and criminalisation is a welcome development.

T W Phillips,
chairman,
Institute of Credit Management,
The Water Mill,
Station road,
South Luffenham,
Oakham, Leics LE15 8NB

C&G takeover threatens diversity and mutuality

From Ms Elizabeth Mayer

Sir, How far should the ideal of mutuality be protected? This is the critical question in the proposed takeover by Lloyds Bank of the Cheltenham & Gloucester Building Society.

Your report ("Lloyds' High Court hurdle", April 26) of the legal obstacles in the way of the takeover draws attention to the commission's view that payments to existing members can only be made to those persons who have been members for at least two years.

One of the aims of the two-year qualification period is to strengthen the position of a mutual society. In such an organisation, the assets of the society are owned by the members themselves. On a takeover, there is a one-off opportunity to release the value of those assets. The ideal of mutuality requires that only those who have been members for a period of time should share in this release. If the take-over of the C&G by Lloyds succeeds, this ideal will have been damaged.

Ultimately, do we want diversity in the institutions which provide borrowing facilities to the general public? If so, the mutuals have a vital part to play. They bring a different perspective to the market and a wide degree of choice.

The government is currently reviewing the position of building society mergers and acquisitions. One reason why building societies are vulnerable to being taken over is the limits that are imposed on their ability to raise funds in the wholesale market. Part of the review should cover the question of whether these limits should be revised or removed. If the playing field between banks and building societies were levelled, many more societies would be in a stronger position to resist the pressures for takeover and the ideal of mutuality could be preserved.

Without a successful review, the ideal of mutuality will be lost and competition sacrificed.

Elizabeth Mayer,
Fox Williams, solicitors,
City Gate House,
39-43 Finsbury Square,
London EC2A 1UU.

Profits warning hits Canadian Pizza shares

By Simon Davies

Shares in Canadian Pizza fell 46p to 120p yesterday, when the management issued a profits warning just five months after the company's flotation.

Mr Andrew Dare, chairman, said that sales to UK retail customers had "seen a significant slowing", while its largest client, J Sainsbury, had indicated it would axe purchases of pizza crust for its delicatessen operations. These accounted for about 10 per cent of last year's turnover.

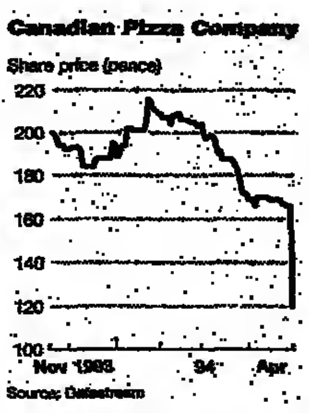
Last November, a grinning deputy chairman, Mr Harry Kent, unveiled a pizza crust with the price 200p written in pepperoni. The share price has since fallen 40 per cent.

The collapse underlines the uncertainities of investing in flotations, particularly when the track records of companies and management are relatively short and the issnes are heavily promoted.

Hoare Govett, Canadian Pizza's stockbrokers, were brokers to the recent flotation of Maid, the on-line business information supplier, whose shares fell 45 per cent within weeks of its launch.

As one fund manager said yesterday: "To have one flotation nearly halve in value is unfortunate. To have a second, smacks of carelessness."

Mr Tim Potter, of Smith New Court, said: "It was overpriced, and the market is now learning just how exposed Canadian Pizza is to the whims of the supermarket trade, and their impact on its one product." However, he said there was no evidence that the management could have foreseen the difficulties.



Canadian Pizza announced its results at the end of February, saying that although there was some pressure on profit margins for salas of pizza crusts to retailers, it had picked up new accounts.

Mr Peter Woodall, chief executive, said the company had only heard about the likely loss of Sainsbury's business last week. As a result previous expectations of growth had vanished, and the company was no longer certain it would exceed 1993's profits of £3.2m. However export sales, which account for 30 per cent of turnover, were above budget.

The company said that subject to unforeseen circumstances, it would maintain its dividend.

Enterprise clarifies position on cash alternative in Lasmo bid

Enterprise Oil was forced to clarify comments about a possible cash alternative to its £1.4bn bid for rival Lasmo yesterday as its share price continued to slide, writes David Wighton.

In a statement requested by the Takeover Panel Enterprise said that, in the light of press comment, "it has made no decision, at this early stage of its offer for Lasmo, about the possible introduction of a cash alternative, at some later stage of the offer".

A Reuters report had suggested that comments made by Enterprise had ruled out any prospect of a cash alternative.

Mr Graham Hearne, Enterprise chairman and chief executive, had said:"I do not see any need for it."

Mr Hearne will be np against a seasoned bid campaigner in the form of Mr Rudolph Agnew who is to become chairman of Lasmo with immediate effect. Former chairman of Consolidated Gold Fields, Mr Agnew was to have taken over from Lord Rees as chairman on May 24.

Lord Rees said that with his past experience Mr Agnew was "ideally qualified to help see off this unwelcome bid from Enterprise."

Enterprise shares lost another 8p to 416p yesterday, as City concerns ebont the bid grew, with the lack of a cash alternative drawing particular criticism.

The shares are down 30p since the bid was unveiled cutting the value from 150p to around 138p per Lasmo share. Lasmo shares lost 7.5p to 149.5p.

Seasoned campaigner prepared for battle

Nobody will enjoy the hostilities to come more than Rudolph Agnew. He says he gets bored easily so "I'm motivated by a state of excitement."

His style, mixing relaxed elegance with ironic humour and a very occasional flash of hot-blooded Irish temper, should certainly add some theatricality to the grim battle ahead.

Mr Agnew, 60, has been here before. For ten ardnous months he took the lead as chairman of Consolidated Gold Fields, one of the UK's leading mining and industrial groups, resisting a bid by Minorco, part of the Anglo American Corporation of South Africa. It turned out to be the UK's biggest, longest-running and probably the most complex takeover bid ever.

Graham Hearne should beware. Mr Agnew took every opportunity to personalise the battle by mocking Sir Michael Edwardes, then Minorco's chairman. Mr Agnew criticised Sir Michael's lack of mining knowledge, his lack of experience at running *profitable* companies and even his lack of physical stature.

Gold Fields, against the odds, fought off Minorco but the strain it had put on Mr Agnew was clearly visible. The Gitane cigarettes were ever-present. He seemed worn out, haggard and much thinner.

It was no surprise when, shortly afterwards, the Hanson conglomerate, having bought Minorco's near-30 per cent stake in Gold Fields, quickly won control with a knock-out £3.5bn bid.

Rudolph Agnew: motivated by a state of excitement

Mr Agnew then saw Gold Fields, where he had worked for 32 years and where his family had connections going back 65 years, dismembered and disappear.

After schooling at Downside, the Catholic public school, Mr Agnew joined the 8th King's Royal Irish Hussars. There his love of a gamble proved difficult. "It was impossible to live on army pay," he once recalled. "I liked backing horses and was singularly unsuccessful at it." He joined Gold Fields as a management trainee and made his reputation by building its quarrying interests, partly by the acquisition of Amey Roadstone, into the biggest business of its kind in Britain. He became chairman of Gold Fields in 1983.

Although his his bare-knuckle approach in the bid battle was admired, Mr Agnew was previously no City favourite. For example, he refused to budge when analysts suggested Gold Fields sever its South African connections because this would be good for the share price.

In the early 1980s, when Gold Fields was constantly criticised because of those South African interests, Mr Agnew's matinee idol good looks and languid charm did not help him. In public he appeared remote, arrogant and given to making unhelpful facetious remarks.

His critics complained that he ran Gold Fields from its luxurious St James's headquarters in London like a personal fiefdom. They whispered of a ferocious temper, a playboy's lifestyle and a reluctance to do a fair day's work when it was possible to go shooting – still his favourite pastime.

When Hanson grabbed Gold Fields in 1989, Mr Agnew not only lost his £300,000 a year salary, he also had to move out of two company-owned houses.

In the case of Lasmo, Mr Agnew has no other compensation than £150,000 a year for his chairmanship. His maximum pay-off, should things not work out, would be one year's salary.

Kenneth Gooding

A risk taker ready to stake his reputation

Insiders say the eeal was probably set on Enterprise's bid for Lasmo in one of Mr Graham Hearne's late-night drink and strategy sessions. Those who know the chain-smoking chairman and chief executive of Enterprise Oil say the real work with his key colleagues gets done only when the office staff have gone home and the whisky comes out.

Yet Mr Hearne's ambition to take on Lasmo appears to be a carefully considered step. For more than a year he has weighed the right strategic choice for Enterprise. Low oil prices have presented him with the dilemma: Should he take the opportunity to buy cheap assets now while prices are down? Or will the crude market remain so depressed that the upstream oil business will never offer a sufficient return on the high risks involved?

The bid for Lasmo resolves the debate. In Enterprise's view upstream oil is still the place to be.

Having made that decision, Mr Hearne will now be faced with the prospects of what is likely to become a deeply personal battle. Close associates say this is one aspect of the Lasmo challenge to which he is not looking forward.

"He will want to fight the battle on industrial issues," said one colleague.

Friends describe the diminutive Mr Hearne as fiercely loyal, dynamic, mercurial and even say he has a streak of arrogance. The critics accuse him of megalomania and a tendency to only hear what he wants to hear.

Graham Hearne: will want to fight on industrial issues

All are agreed, however, that Mr Hearne is well connected. One story has it that Enterprise had all but given up on getting a response to its bid for Saxon Oil in 1985, when the tide was turned by just a few phone calls from him.

Those connections are obviously the result of a varied career which has crossed the paths of some of Britain's most prominent businessmen. The son of a Birmingham munitions worker, Mr Hearne left school at 16 to work as an articled clerk with a firm of lawyers. After a brief stint as a lawyer in New York, he was recruited by the Wilson Government to the Industrial Reorganisation Corporation, set up to rationalise British industry. There he joined the likes of Sir Christopher Hogg of Courtaulds, and Sir Alaistair Morton of Eurotunnel.

The invitation to join Enterprise in 1981 was based on his experience there, at Courtaulds as finance director, and the merchant bank Rothchilds, where he was a director. More importantly he had the oil expertise through his time as chief executive at Tricentrol.

Mr Hearne has been credited with safeguarding Enterprise from hostile shareholders – such as RTZ and Lasmo – as well building up a £2bn company. Yet there are those who would say the group's perceived success is due to the team he built up, including the now departed finance director, Mr John Walmsley. "If he was on the board he would say this bid is absolute madness," says one analyst.

Yet Mr Hearne has taken precautions. By using an 'A' share structure, Enterprise has limited the risks to its main business if Lasmo goes horribly wrong. Investors may be unwilling to shoulder the risks that he is keen to avoid. If so, his response is likely to be phlegmatic. Lasmo is worth something to him at a price and an acceptable risk. If he cannot buy it at that level he will walk away, but it might be at some cost to his reputation.

Peggy Hollinger and Bernard Gray

Pelican cash call for Dôme chain

By Andrew Bolger

Pelican Group, the acquisitive restaurant operator, has agreed to buy the Dôme cafe chain – which helped to pioneer brasserie-style catering in the UK – from Forte, the hotels and restaurants group.

Pelican is paying £11.5m in cash and also announced a fully underwritten £20m rights issue to pay for the chain and the conversion of most of the outlets into its own Café Rouge brand of restaurant.

The 5-for-9 cash call at 80p was well received and Pelican's shares rose by 4p to 95p.

Mr Roger Myers, Pelican's chairman, was advising Courage, the brewer, when in 1984 it opened the first Dôme cafe in Hampstead, London.

In 1986 Forte bought what had by then become a chain of four outlets. However, they always seemed to sit uneasily within the larger group which now wants to focus on its core hotels and roadside catering businesses.

The Forte connection was carefully concealed, since the group rightly suspected that its style-conscious young customers might not want to know that their trendy local was owned by the same company which controlled the Little Chef and Happy Eater roadside restaurant chains.

Pelican is buying 16 restaurants, of which 13 currently operate under the Dome name. Forte will keep and rebrand three Dôme outlets – two sited in group hotels and one in London's Regent Street. The latter was the site of the original milk bar from which Lord Forte launched his empire.

Pelican is acquiring three other London restaurants in the deal – the Oriel in Sloane Square, and two Bar Escoba outlets, in Kensington and Ealing.

The new owners will convert nine of the Dome outlets and the Bar Escoba in Ealing to its Café Rouge format. Three other Dômes will retain the name and be run mainly as bars – "which is what they were always meant to be," according to Mr Myers.

Pelican said the deal would enable expansion away from Greater London through the acquisition of sites in Oxford, Cambridge and Windsor.

The group forecast it would make pre-tax profits in the year to March 31 of £2.5m (£908,000). A final dividend of not less than 1.25p is forecast.

The rapidly-expanding group, which came to the USM in 1990, has seen its share price triple since the begining of 1993. It will seek a full listing when its audited annual results are published in July.

Nixon death almost scuppers bid timetable

By David Wighton

The Enterprise team at SG Warburg had reason to mourn the passing of Richard Nixon.

The bid team was in complex negotiations with the US Securities & Exchange Commission and New York Stock Exchange when America took Wednesday off to commemorate the former president.

Enterprise's advisers were already under pressure because they were attempting something which had never been done before – making a hostile share offer available to the target's American investors.

Hostile bids involving the issue of shares are almost unheard of in the US because the new shares have first to be registered with the SEC, a long and public process.

An offer by a UK company to US shareholders in another UK company run into the same problem. It also faces the task of meeting the requirements of two different sets of takeover regulations.

As a result no hostile UK offers have ever been made available to US shareholders.

The SEC has publicly stated that it is keen for US investors in foreign companies to be treated equally and Enterprise's advisers SG Warburg has shown that it can be done.

It compressed into two weeks a process that usually takes at least two months, persuading the SEC to review its registration statement in private.

It also had to convince the US authorities to allow Enterprise to buy Lasmo shares for cash in the market, which is banned under US rules for all-share offers.

Lasmo shareholders will see the results on Tuesday when they will receive what is thought to be the fattest ever UK takeover document.

At 261 pages it contains the UK offer, the US tender offer, listing particulars for the new shares for the UK and the effective registration statement for the US. UK shareholders will also receive a slimline version which looks more like a normal takeover document.

Enterprise and its advisers went to such lengths because abont 23 per cent of Lasmo's shareholders are American and so could be vital to the outcome.

However, now that they bave blazed the trail it is thought likely that future hostile bidders may follow its example. Indeed at some stage the SEC may insist that they do so.

JJB (Sports) £20m flotation

By Paul Taylor

JJB (Sports), Britain's biggest independent sports retailer, is coming to market during the summer via a placing with institutional investors, which is likely to value the group at about £50m.

The group, formed 21 years ago by Mr David Whelan, the former Blackburn Rovers player who broke his leg in the 1960 FA cup final against Wolverhampton Wanderers, plans to raise between £15m and £20m of new money through the flotation.

Mr Whelan, the chairman, who entered the retail sector using the £400 compensation be received after breaking his leg to buy a market stall in Wigan, said yesterday that the new money would be used to fund further domestic expansion.

JJB has grown from a single sports shop in Wigan into a sports chain with operating profits last year of about £4.5m on turnover of £43m and 107 stores across the UK, mainly in the north west of England, the Midlands and Scotland. All the stores are supplied from a three year old distribution centre near Wigan.

The gronp has targeted towns with more than a 50,000 population for expansion; there are about 400 in Britain. "We believe the sports goods market offers many opportunities for further growth and we hope to take maximum advantage of them", said Mr Whelan yesterday.

Charterhouse Tilney Securities are the sponsors and stockbrokers to the issue.

Hunters Armley launches £9.4m rights issue

Hunters Armley Group, the Leeds-based printer, is seeking about £9.4m in an underwritten 1-for-4 rights issue. The company is issuing 5.09m shares at 192p.

The shares fell 9p to close at 225p.

Hunters said the proceeds would be used to fund capital spending of £5.6m with the balance being held on deposit for suitable acquisitions, although none was being considered at the moment.

Ransomes shares climb 10% on upbeat statement

By Paul Taylor

Shares in Ransomes, the lossmaking manufacturer of grass cutting equipment, rose by 10 per cent to 22p yesterday, after the group's chairman, Mr John Clement, gave an upbeat assessment of current trading at the annual meeting.

He indicated that the group, which has £75m of bank debt, was negotiating the sale of some of its surplus property.

Mr Clements also told shareholders the company was considering "many options" for refinancing.

Earlier this month, Ransomes decided to pay its overdue convertible preference share dividend and launched an attack on Steinhardt Partners, the US hedge fund manager which has bought 30 per cent of the preference shares.

Ransomes has rejected proposals it has received from Steinhardt for a recapitalisation, involving conversion of the preference shares into ordinary shares.

Bromsgrove sale to consortium

By Paul Cheeseright

Bromsgrove Industries, the specialist engineering group, yesterday largely withdrew from the automotive sector by selling its aluminium diecasting and machining companies to a consortium led by Mr David Auty of Leicester for £16.5m.

The consortium includes the management of the companies which will now be grouped under the title of BSK Aluminium. These had combined sales of £30m in the year to March; in the six months to September Bromsgrove's automotive division had operating profits of £646,000 from turnover of £16.58m.

The sale is part of Bromsgrove's stated policy of divestment to allow for the creation of larger profit centres.

It reflects concern at the continued pressure on margins in the automotive sector and comes from an assessment that larger sums than Bromsgrove is likely to have available, would be necessary to assure the future of the companies in an industry of growing concentration.

Through 3i, the venture capital group, and Arthur Andersen, accountant, Mr Auty has arranged £18.8m of finance to cover the purchase price and £2.8m of extra working capital.

The financing is in two parts: £9m of equity from 3i and £9.5m of working capital, senior and mezzanine debt from Midland Bank and Samuel Montagu.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Abtrust Euro	fin	0.8	June 30	0.3	0.8	0.3
British Assets	int	1.09‡	July 7	1.07	-	4.28
Contra-Cyclical	fin	2.75	June 30	6‡‡	9.5	12.75
Fleming Conti	fin	2.2	Aug 3	2.7	2.2	2.7
Grampian TV	fin	6	-	5	7.5	6.1
Helene	fin	1.36	July 29	1.36	2.01†	2.01
Kitty Little §	fin	1†	July 22	1	1.5	1
New Guernsey	fin	1	-	-	1	-
Richards Group	fin	1.25	-	2.75	2.25	4.4

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ‡Second quarterly, making 2.18p (2.14p) so far. ‡‡Includes special payment.

NEWS DIGEST

Grampian TV up 18% to £3.8m

Grampian Television, the independent broadcaster for north Scotland, yesterday announced an 18 per cent increase in pre-tax profits to £3.8m for the year ended February 28 1994.

Turnover was marginally lower at £20.53m (£20.62m). The shares climbed 8p to 267p.

Mr Calum MacLeod, in his first year as chairman, said the result represented a good start to the group's new licence period both in financial terms and in regional programme service.

The profit was struck after a complete year of licence payments to Channel 4 of £722,000 (£90,000).

Earnings per share rose to 18.71p (15.68p) and the dividend is lifted from 6.1p to 7.5p with a final of 6p.

Helene boosted to £4.51m

Pre-tax profits of Helene, the fashion wear manufacturer and distributor, were boosted to £4.51m for 1993, from turnover expanded to £101.6m.

Comparatives, which were adjusted in accordance with FRS 3, were £2.44m and £78.3m respectively.

Earnings per share were 2.5p compared with 1.9p while the dividend is unchanged at 2.01p with a same-again final payment of 1.36p.

The directors stated that the Just Jamie Group, in particular, had a "very good year", while there were solid performances from the core womenswear businesses and the textile merchanting activities.

They pointed out that full benefits of the actions taken in regard to the Gabicci acquisition would be apparent from the current year but the initial effect had been the contribution of £780,000 profits and turnover of £8.9m to 1993 figures.

Kitty Little falls £245,000 into red

Kitty Little, the USM-quoted spectacles and fresheners group, fell into pre-tax losses of £245,000 for 1993, against profits of £150,000. The company blamed losses at the Samco acquisition and adverse factors in the sunglass business.

Turnover was £4.09m (£4.74m) and operating losses of £156,000 from acquisitions left group operating losses of £107,000 (£369,000 profits). Losses per share were 2.8p (1.05p earnings) but the final dividend has been maintained at 1p for a total of 1.5p (1p).

The shares were suspended on April 11 on the announcement thet it was acquiring Groupe L'Amy, the spectacle frame maker. A further announcement on details and funding is promised as soon as possible but should be before June 30.

Richards ahead but dividend cut

Richards Group, the engineering concern, raised pre-tax profits from £53,000 to £85,000 in 1993.

Earnings per share grew from 1.03p to 1.42p, but a recommended final dividend of 1.25p makes a reduced total for the year of 2.25p (4.4p).

Turnover rose from £11.3m to £12.8m, although the company said markets remained "very testing". Order intake for the first quarter was higher than the same period of 1993.

Daks Simpson surges to £5.22m

From turnover up from £65.5m to £71.7m Daks Simpson Group, the clothing concern subsidiary of Sankyo Seiko of Japan, pushed pre-tax profits up from £1.4m to £5.22m for the year ended January 31 1994.

Earnings per share were much higher et 46.66p against 2.86p.

Reece reduces losses to £195,000

Cost cutting measures helped Reece, the maker of equipment for the ceramic and glassware industries, to reduce pre-tax losses from £662,000 to £195,000 for the year to December 31.

Turnover edged ahead to £13.2m (£13.1m) although Mr Peter Knapton, chairman, said UK sales had fallen with demand sluggish, prices under pressure and the demise of a number of smaller customers.

The largest contributor to 1993 profits, Service (Engineers), had started 1994 well, Mr Knapton said, and now had a stronger order book than at any time in the last two years.

Losses per share were cut to 0.16p (0.52p). The shares lost 1p to close at 3¾p.

Fleming Continental net assets rise

Net asset value per share of the Fleming Continental European Trust rose from 270.1p to 359.8p over the 12 months to March 31 1994.

Earnings available, however, dipped to £1.51m, compared with £1.81m, giving a per share value of 2.26p (2.71p). The final, single dividend is also lower at 2.2p, against 2.7p.

British Assets raises dividend

Net asset value of British Assets Trust was virtually unchanged at 106p at March 31 1994 compared with 105.9p a year earlier.

The second quarterly dividend is raised from 1.07p to 1.09p per share making 2.18p (2.14p) to date.

Revenue before tax for the six months to March 31 was £11.92m (£12.14m) with net earnings coming through at £6.9m (£7m). Dividende required a transfer from reserves of £1.48m (£1.2m). Earnings were 1.8p (1.82p).

Navan Resources achieves I£667,933

Navan Resources, the Dublin-based natural resources prodncer, achieved pre-tax profits of I£667,933 (£649,361) on turnover of I£8.33m in the 21 months to December 31.

The figures were mainly the result of its Hungarian mines which achieved net profits of I£931,163. The company also hae interests in Bulgaria, Spain and the Irish Republic.

Earnings per share came out at 0.59p.

Norman Hay deeper in red

Exceptional costs of £2.6m to cover reorganisation of its Coventry factory left Norman Hay, the engineer, deeper in the red for the year to end-December.

At the pre-tax level the deficit widened from £3.05m to £3.82m and losses per share rose from 19.75p to 25.43p. Turnover was down at £7.84m (£9.52m).

The directors said the actions taken had radically improved Hay's operating performance and provided a base from which to rebuild its fortunes. A number of acquisition opportunities are being considered.

Champneys health group changes hands

Champneys, the health group, has been acquired by Fitness & Leisure Holdings, a holding company which manages Inglewood Health Hydro in the UK and a Canadian leisure development. The price is undisclosed.

Champneys Group includes Champneys at Tring, the Spa at Gleneagles and the London Club at Le Meridien Hotel, London. Over the years it has benefited from substantial capital improvements by both Allied Investments and Guinness.

Aran Energy nearly doubled to I£5.7m

Aran Energy, the Dublin-based oil and gas exploration and production company, reported nearly doubled pre-tax profits of I£5.7m (£5.5m) for the year to December 31. In 1992 profits were I£3m.

Turnover amounted to I£63.9m (I£45m) and after tax of I£1.32m (nil) net profits were I£4.38m (I£3m).

Earnings per share rose from 1.16p to 1.67p.

Strong US sales boost Ford profits

By Kevin Done,
Motor Industry Correspondent

Ford of the US, the world's second largest vehicle maker, more than doubled net profits to $1.3bn in the first quarter (excluding a one-off charge for the sale of First Nationwide Bank) from $572m in the corresponding period a year ago.

Including the charge of $440m for the aale of First Nationwide to First Madison Bank, net income rose by 58 per cent to $904m.

The earnings of all the big three US vehicle makers, General Motors, Ford and Chrysler, are rising sharply in response to the strong increase in new vehicle demand in the US.

Ford, whicb is recovering from heavy losses in 1991 and 1992, said profits had been rising for five quarters in a row.

Earnings in the first three months of 1994 were the fourth highest first-quarter profits in its history behind the three record years at the end of the 1980s.

The recovery in financial performance is being powered by Ford's US automotive operations, which achieved a seven-fold increase in net income to $835m in the first three months, the third best quarter on record, from $113m in the same period a year ago.

"Our worldwide automotive earnings in the first quarter alone were greater than in all of 1993 because of substantial improvement in our US results," said Mr Alex Trotman, chairman.

Net income from worldwide automotive operations jumped to $955m, tbe best quarter since the second period of 1989, from $176m a year ago, with earnings outside the US virtually doubling to $120m from $63m.

The financial services group had virtually unchanged net earnings of $389m, against $396m, excluding tha one-off charge for the sale of First Nationwide. Including the charge the division had a net loss of $51m.

Turnover worldwide rose 13.4 per cent to $30.4bn from $26.6bn, helped by a 9.2 per cent rise in vehicle sales to 1.67m from 1.53m a year ago.

Despite its strong financial performance in the US, Ford lost market share there, outperformed both by GM and Chrysler, and by some Japanese and European carmakers. Its share of the combined US car and truck market fell to 24.8 per cent (including Jaguar) from 25.7 per cent a year ago.

Ford is optimistic about continuing growth in US new vehicle demand and forecast a 9.2 per cent increase in sales in the whole of 1994 to 15.5m from 14.2m last year.

Marketing costs in the US, including discounts and incentives, fall to 9.2 per cent of gross revenues in the quarter from 11.6 per cent a year ago but were still high by historical standards, said the group.

European operations register turnround

Ford's European automotive operations, which have suffered heavy losses for the past three years, achieved net profits of $108m (excluding Jaguar) in the first quarter compared with a profit of $19m a year ago, writes *Kevin Done*.

The company said it was hopeful that its European operations would return to profit for the whole of the year after running up accumulated losses (excluding Jaguar) of $1.53bn in the past three years, including a loss of $407m in 1993.

Jaguar, Ford's UK luxury car subsidiary, which has been in loss for the last five years, suffered a further net operating loss of $40m in the first quarter compared with a loss of $56m in the same period a year ago.

The return to profit of Ford's mainatraam European operations has been driven by higher productivity and cost-cutting. It has reduced tha workforca of European operations, excluding Jaguar, by 15.4 per cent from 98,100 in November 1992 to 83,000 by the end of last year.

Overall, west European new car sales fell by 15.4 per cent last year to 11.4m, and the company forecast only "a slow recovery" in 1994 with car and truck sales rising by about 3 per cent.

Wholesale vehicle sales from European plants in the first quarter at 428,102 were 1.8 per cent lower than a year ago.

European market shars (exclnding Jaguar) has risen only marginally in the first quarter to 11.9 per cent from 11.8 per cent a year ago.

Jaguar increased its sales worldwide by 12 per cent in the first quarter to 7,100 from 6,300 a year ago. Sales increased year-on-year by 25 per cent in the UK and by 18 per cent in the US, but these rises were offset by falls of 27 per cent in Germany and 21 per cent in Japan.

LVMH lifts holding in Guerlain in share deal

By Alice Rawsthorn in Paris

LVMH, the world's largest luxury goods gronp, is expending its perfume interests by raising its stake in Guerlain, the French fragrance honse, in a FFr1.96bn ($330m) share deal.

The Guerlain deal is the first of a number of investments that LVMH is expected to make following yesterday's conclusion of negotiations to unravel a cross-shareholding agreement with Guinness, the UK drinks concern, which will dramatically reduce its debt.

Mr Bernard Arnanlt, chairman of LVMH, has made no secret of his plans to expand its luxury goods interests after the Guinness deal.

One of the likeliest areas of expansion is jewellery. LVMH has heen mooted as a prospective purchaser for Van Cleef & Arpels, the French jeweller, or Tiffany, the US group.

The Guerlain transaction is, typically for Mr Arnanlt, an intricate deal that involves reshuffling his complex web of cross-shareholdings.

Christian Dior, the French fashion house that owns a stake in LVMH, will cede 12 per cent of its shares to the Gnerlain family in return for 2 per cent of Guerlain and a 49.9 per cent stake in Djedi, the holding company that owns 85.8 per cent of Guerlain.

Dior will then sell the Djedi shares to LVMH, which already owns 14.2 per cent of Guerlain, for FFr1.96bn. The Guerlain family has also given Dior pre-emptive rights over its remaining Djedi shares.

The acquisition of Guerlain, one of the oldest names in perfume, is an important move for LVMH, which already owns the Dior and Givenchy fragrances. Guerlain last year made net profits of FFr162m on sales of FFr2bn.

The LVMH deal follows the announcement earlier this month that L'Oréal, tbe French cosmetics and fragranca gronp, was acquiring full control of Cosmair, its US distribntion arm.

CS Holding wants to buy stake in Austrian bank

By John Gapper in London
and Ian Rodger in Zurich

CS Holding, the Swiss financial group that owns Credit Suisse, confirmed yesterday that it wanted to buy a substantial stake in Creditanstalt-Bankverein, the second largest Austrian bank, from the Austrian ministry of finance.

Mr Rainer Gut, chairman, said that CS Holding wanted to establish Austria as one of its "domestic bases" after Switzerland and the US, and had contacted the Austrian finance ministry to express its interest.

Mr Gut said he believed the ministry would sell 28 per cent of Creditanstalt's ordinary voting shares, or 20 per cent of total equity. The ministry has undertaken to dispose of part of its 69.6 per cent voting equity stake this year.

He said that if it was successful in buying a stake, CS Holding would probably want to raise it in time.

Mr Gut added that CS Holding was particularly interested in Creditanstalt because its traditional links with businesses in central and eastern Europe would give the group a significant edge in building earnings there.

Mr Gut spoke at CS Holding's annual results presentation in London at which the group announced a 20 per cent rise in its dividend to SFr18 per share, plus the issue of a sharebolder warrant with a theoretical value of SFr12.

CS Holding's interest is unlikely to please Creditanstalt'a board of management, which does not want a significant minority holder to emerge.

Both Credit Suisse and Union Bank of Switzerland reported earnings declines in the first quarter of the year, as a result of volatility in bond and equity markets in contrast to the extremely good trading conditions of 1993.

However, the two top Swiss banking groups both expressed confidence in the outturn for the year as a whole, pointing to the recovery in the Swiss economy and the declining trend in provisions for bad and doubtful loans.

Total group assets of Credit Suisse at the end of March were 1 per cent higher than at the end of 1993, at SFr233.9bn ($162.4bn). Lendings were flat at SFr123.4bn and customer deposits rose 2 per cent to SFr157.9bn.

UBS said total assets of the parent company, at SFr240.3bn, were 4.1 per cent higher at the end of March than at the end of December. Lendings were up 1.6 per cent to SFr148.6bn and cnstomer deposits gained 2.6 per cent to SFr130.6bn.

● Following a surprisingly lifeless debate, the annual meeting of Union Bank of Switzerland yesterday rejected a motion by BK Vision, its largest shareholder, to reduce the maximum size of the board of directors from 25 to nine.

German tool maker files for protection

By Christopher Parkes
in Frankfurt

Deckel Maho, the German machine tool group, yesterday filed for protection from its creditors just 12 months after it was formed through the merger of two rival companies.

It gave up the struggle after one of its backers refused to take part in a bank-led rescue package.

PSV, an incorporated industry association which guarantees member-companies' pension schemes, said it would not take over responsibility for Deckel Maho's total DM45m ($26.3m) pension commitments. It offered only to pay current retirement benefits for three years.

The association, which represents more than 30,000 companies, said earlier this week it had to consider possible future demands on its resources.

A life-saving package costing several hundred million D-Marks in written-off debt and new capital, agreed between a banking consortium and Bavarian stste financial institutions, was conditional on PSV's full participation.

Dentsche Bank, which together with the Bayerische Vereinsbank last year led the supposed rescue-merger project, said yesterday it was trying to find a constructive soln-tion.

If Deckel Maho is allowed to collapse, this could bring problems for Gildemeister which has a foreign distribution joint venture with the troubled concern and which in the past has been named as a possible white knight.

The group, which is reducing capacity and slimming its workforce from 1,800 to 1,200, made a net loss in the year to mid-1993 of DM45m on sales of DM310m.

This week's crisis coincides with the first signs of recovery in the machine tool business. Orders rose in the first quarter of this year for the first time since 1991.

French finance group ahead at FFr1.26bn

By Alice Rawsthorn

Caisse Nationala de Prévoyance (CNP), one of the French state-controlled financial institutions scheduled for privatisation, saw net profits rise by 12.5 per cent to FFr1.26bn ($210m) in 1993 from FFr1.12bn in 1992, despite the pressures on the financial sector.

Mr Pierre Darnis, chairman, said the group was on course for further growth this year. He forecast an increase in net profits of between 10 per cent and 15 per cent for 1994, the same rate of growth that the group has maintained for each of the past seven years.

CNP, which specialises in personal insurance, saw turnover rise by 51.6 per cent last year to FFr64.3bn from FFr42.4bn. Pre-tax profits before exceptional items rose by 9.2 per cent to FFr1.53bn from FFr1.4bn. The board proposed raising the dividend to FFr10 from FFr9.

Allianz plans DM1.56bn issue

By Quentin Peel
in Bonn

Allianz, Europe's largest insurance company, yesterday announced plans for a DM1.56bn ($910m) rights issue in May, to bring its share capital in line with a strong increase in business volume.

At the same time, the Munich-based insurer announced an increase in its dividend to DM15 from DM13.50 in 1992.

The rights issue will also help the company prepare for the liberalisation of the European insurance market, it said.

The 15-for-one issue will raise the capital stock to DM1.04bn from DM975m, the announcement said. Shareholders will be offered the new shares at a price of DM1,200.

Mediobanca to widen ownership

By Andrew Hill in Milan

Mediobanca, tha Milan merchant bank, yesterday answered its many critics by launching a rights issue to raise more than L1,500bn ($937m) and broaden its ownership to include ordinary and professional investors in Italy and abroad.

The offer is structured to dilute the 50 per cent holding of Mediobanca's traditional long-term shareholders – Banca Commerciale Italiana, Credito Italiano and Banca di Roma, and a group of corporate investors – to about 40.6 per cent.

The bank has come under fierce attack in the past fortnight from politicians, small shareholders and executives of IRI, the Italian state holding company, for building up a dangerous dominant position at the centre of Italian business.

In particular, the bank stands accused of installing its allies on the boards of the newly-privatised banks, Banca Commerciale Italiana and Credito Italiano, to the detriment of small shareholders.

Early next week, executives from BCI and Credito Italiano will meet officials from Consob, the Italian stock market watchdog, to discuss the conduct of those banks' shareholder meetings at which new directors were elected.

If shareholders approve the rights issue at their annual meeting in mid-June, the bank intends to issua 100m new shares, with warrants attached entitling holders to a further 10m shares. The shares will be issued at a price of at least L15,000 per share, on the basis of one new share-and-warrant for every four already held. But existing shareholders will be limited to 1,000 new shares, and the outstanding stock will be offered to individual investors in Italy and to foreign and Italian professionals.

The capital-raising exercise, to be co-ordinated by Mediobanca and S. G. Warburg, comes only eight months after a L1,020bn rights issue, the proceeds of which helped pay for cash calls by companies in Mediobanca's investment portfolio.

The bank also reported yesterday that gross profits decreased to L326.6bn before tax, depreciation and provisions, in the six months to December 31, compared with L350.7bn in the equivalent period of 1992.

The US wakes up to a new aroma

Frank McGurty charts the expansion of a coffee shop chain

Arabian mocha with a "pungent" aroma and "fragrant, light-bodied" Mexican altura are as different as night and day, according to the helpful "barista" serving coffee at Starbucks.

It was uncertain how many of the customers crowded into the gleaming Manhattan coffee bar on its first day of business could actually tell them apart, even after the barman's coaching.

What is clear is that many Americans are finally waking up to the pleasures of fine "arabica" coffee, thanks to Starbucks, the Seattle-based chain now pushing into New York and Boston.

The company's expansion has been as robust as a potful of Sumatra Boengie. From 11 shops and 100 employees in 1987, Starbucks has grown into the leading retailer and roaster of specialty coffee in North America, inspiring a fierce loyalty in each new market it enters.

By any measure, Starbucks is one of most successful new small companies in the US. Its empire, which now includes 317 shops and a big mail-order business, has generated revenue growth of at least 62 per cent over the last three fiscal years. Net income tripled from 1991 to 1992, and doubled last year.

In its latest quarter, to April 3, the company posted a 69 per cent surge in net sales to $57m and a 51 per cent jump in net profit to $1.9m, or 7 cents a share. On an operating basis, earnings were 91 per cent ahead at $3.4m.

The improvement reflects more than just expansion. In stores opened at least a year, sales growth has exceeded 19 per cent over the past five years. It recently slowed to about 9 per cent, but that compares well with the 2 per cent gain last year by the average McDonald's restaurant opened at least 12 months.

In Juna 1992, the company went public at $8¼ a share, adjusted for a two-for-one split in September. Yesterday, a week after Starbucks cut the ribbon to open its flagship New York store, the stock was trading at just under $30.

While its record is impressive, the potential of the company, as it begins a long-awaited drive into the big markets of north-east, is still largely untapped. Mr Christopher Vroom, an analyst with Alex Brown & Sons in Baltimore, believes sales could exceed $1bn by the end of the decade.

One reason is that Starbucks sits on top of a market which is booming. The Specialty Coffee Association expects US sales of pricey arabica coffees, as opposed to cheaper robusta varieties, to double to $3bn between 1989 and 1999.

"If this was a 28-chapter book, we are probably at chapter three or four," says Mr Howard Schultz, the charismatic chairman and chief executive. His ambition is to open 6,000 coffee shops in the US and to push into the UK and other international markets. Currently, Starbucks operates a coffee kiosk in Harrod's in London.

Mr Schultz' vision came to him during a 1983 trip to Milan. He was captivated by the warm ambiance and superb coffee available at nearly every street corner in the city. Upon his return to the US, be vowed to recreate "the romance and energy of Italian cafe" in the US.

The story has assumed mythic proportions within Starbucks' corporate culture. Mr Schultz, then a marketing executiva at the company, failed to convince his superiors to sell fresbbrewed coffee in addition to beans.

So he quit, put together $4m in financing and bought the business with the intention of putting his ideas into action.

He began in Seattle and quickly moved into ths other cities of the Pacific north-west, setting off a trend which has brought hundreds of cafes, espresso carts and coffee roasters in the area.

Next ha pushed south into California, and west into Chicago and Washington. Now Mr Schultz, who grew up on a Brooklyn housing estate, is bringing Starbncks to his home town, where he expects to open 100 shops in three to four years.

The 40-year-old chief executive grows animated when explaining the success of Starbucks. He links it to the company's "two guiding principles: a passionate commitment to the quality of our coffee and to the quality of our people".

"The reason customers keep coming back – we are now serving 1.5m people a year – is our service exceeds their expectations," he says.

The staff are well-trained in lore and preparation of coffee, and most of them have plenty of experience, since Starbucks enjoys a much lower attrition rate than other retailers. It was tha first private company in the US to offer part-time workers equity and healthcare benefits, he says.

The package is part of an approach which Mr Schultz calls "the Starbucks paradigm". He argues that employee relations are the key to bolstering the bottom line.

"If we are going to build long-term valna for our shareholders and customers, we first must build long-term value for our employees," he says. "It's a paradigm shift because most American businesses – and there are exceptions – have not treated their workars well."

Aetna Life earnings slide after catastrophe claims

By Patrick Harverson
in New York

Aetna Life & Casualty yesterday reported a big decline in first-quarter operating earnings to $53m in the wake of a big increase in catastrophe costs related to the California earthquake and winter storms. A year ago, the US insurer recorded operating earnings of $117m.

Net income in the latest quarter was $46m, or 40 cents a share. A year ago, net income was $394m, or 3.57 cents, following one-off benefits of $255m from accounting changes and gains from discontinued operations.

Mr Ronald Compton, chairman, said the improvement in the company's underlying businesses was overshadowed by extraordinary catastropba costs of $124m, up from just $31m at the same stage of 1993. The earnings of almost every large US insurer were undermined in the quarter by a big jump in claims from customers affected by the California earthquake and severe winter storms.

Asida from its commercial and personal property/casualty operations, the rest of Aetna's businesses reported higher earnings for the qnarter, including health and life insurance, financial services, and international.

Aetna's shares rose $⅜ to $52 before the close on the New York Stock Exchange.

LTV back in the black despite effects of winter

By Frank McGurty in New York

LTV, the third-largest US steelmaker, yesterday said it managed to return to profit in the first quarter despite the impact of harsh winter weather on its operations.

The group posted net income of $15.3m, or 16 cents a share, reversing a loss of $47.7m in the same period of 1993.

The result, which exceeded the forecasts of most analysts, extended a record of steady improvement by LTV since it emerged from Chapter 11 bankruptcy protection last June.

LTV, along with the rest of the US steel industry, continued to benefit from rising production, greater operating efficiencies and improved prices. Sales in the car industry showed no signs of flagging during the quarter.

Revenues from core steel operations, which accounted for 93 per cent of the total sales of $1.07bn, showed an 8 per cent gain. Shipments ware up just 3 per cent, at 1.93m tons. But with steel facilities working at 99 per cent of capacity, LTV was able to realise higher average selling prices.

However, conditions during the winter led to power cuts, disrupted deliveries and complicated handling of raw materials which pulled operating profits down by $13m. The negative effect on the bottom line was offset by $14.4m in favourable state and local tax settlements during the quarter.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Stocks fall aids copper advance

The London Metal Exchange copper market stepped up a gear at the end of the week to break out of its recent constricted trading range. And most other LME contracts followed the upward move.

Bullish chart patterns and signs of renewed nearby supply tightness had encouraged a resurgence of the speculative buying that lifted copper prices to 8½-month peaks in the middle of March, dealers explained as the price climbed to a 4-week high yesterday morning.

Added impetus was given by another fall in LME warehouse stocks of the metal, which now stand at the lowest level since last July and are 23 per cent below the 16-year high reached in January.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+5,450	to 2,610,775
Aluminium alloy	-680	to 39,840
Copper	-5,175	to 473,450
Lead	+3,050	to 339,775
Nickel	-1,320	to 133,752
Zinc	+3,650	to 1,147,800
Tin	+345	to 26,345

Resistance at $1,930 a tonne for three months delivery had been broken in after hours trading on Thursday evening. The rise stalled yesterday at $1,956 and the price closed at $1,952.50, up $23 on the day and $38.75 on the week. But dealers still thought an assault on the recent high of $1,973 a tonne was possible after the bank holiday. "It looks like a good solid technical move," one told the Reuter news agency.

Other base metal prices were drawn higher in copper's wake, notably lead and nickel. The former extended its gain on the week to $19.75 at $469.50 a tonne for three months delivery. But traders thought strong resistance was likely frustrate any early attempt to regain the $500-plus levels seen a few months ago.

Three months nickel put on another $137.50 yesterday, taking its rise on the week to $285 at $5,592.50 a tonne. This latest advance was aided by the announcement of a sharp fall in LME stocks.

Aluminium was able to reestablish itself above $1,300 a tonne for three months delivery – closing yesterday at $1,306.75, up $22.25 overall. But zinc, while staging a substantial rally, remained below the $960-a-tonne resistance level.

Precious metals also finished well into the plus columns. Gains in the gold market encouraged by US dollar weakness and a rise in the CRB index, an inflation indicator, prompted covering by players who had sold the metal short earlier in the week as fears of widespread South African election violence receded, dealers explained.

The London price closed yesterday at $376.10 a troy ounce, up $6.60 from a week earlier.

Speculative interest also revived in the silver market, with cash metal closing in London at $5.19¼ an ounce, up 12 cents on the week. "It's got a bit more potential than gold," said one dealer. "It could be aiming at $5.35." But most doubted that it could build sufficient momantum for a renewed attempt on the $6 mark in the near future.

At the London Commodity Exchange May delivery coffee futures yesterday chalked up a fresh 5-year high of $1,575 a tonne, driven by renewed interest from US investment funds. The price closed at $1,563, up $42 on the day and $90 overall, helped by continuing concern about nearby supply tightness.

News in mid-week that the arabica indicator price for the coffee producers' export retention scheme had passed the point at which retention would be halted appeared to be shrugged off by traders. They had similarly ignored Monday's news that the robusta indicator, which had already passed the trigger for retention to be suspended, had risen above the level at which releases from retention stocks could begin.

Richard Mooney

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1994 High	1994 Low
Gold per troy oz.	$376.10	+6.60	$356.75	$396.50	$369.60
Silver per troy oz	349.75p	+8.25	273.35p	384.50p	335.60p
Aluminium 99.7% (cash)	$1281.50	+22.0	$1115.6	$1323.50	$1107.50
Copper Grade A (cash)	$1937.0	+43.5	$1189.5	$1957.00	$1731.60
Lead (cash)	$454.5	+19.5	$282	$510.50	$429.0
Nickel (cash)	$5522.5	+285.0	$5840	$5910	$5210.6
Zinc SHG (cash)	$932.50	+23.0	$1007.5	$1014	$900.5
Tin (cash)	$5400.0	+87.5	$5650.0	$5650.0	$4730.0
Cocoa Futures Jul	£859	-21	£884	£969	£859
Coffee Futures Jul	$1563	+90	$904	$1494	$1175
Sugar (LDP Raw)	$282.00	+6.50	$314.10	$296.2	$252.9
Barley Futures Sep	£97.00	+1.25	£106.80	£97.00	£92.65
Wheat Futures Jun	£114.20	-0.16	£148.05	£114.30	£97.60
Cotton Outlook A Index	85.70c	+0.45	60.65c	86.70c	62.45c
Wool (64s Super)	402p		338p	409p	342p
Oil (Brent Blend)	$15.445x	-0.105	$19.16	$16.55	$13.16

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x June

Spices

The recent meeting between Grenadian and Indonesian suppliers resulted in higher local prices for nutmeg and mace in the Far East, reports Man Producten. As a result cheap offers in Europe are gradually disappearing and further increases are expected. Prices for mace normally increase first, followed by the nutmegs. During the past six months cif prices for mace have doubled. Latest quotations from Indonesia (with resellers prices in brackets) are: ABCD US$2,100 a tonne ($1,900), SS $1,750 ($1,650), BWP $1,500 ($1,450), Mace, broken, $3,000 ($2,700). Smaller cassia supplies are reported from the interior of Sumatra as farmers concentrate on the coffee harvest. KOR sticks have been fetching $2,250 a tonne, vera sticks $2,300 and KOR BRVCL $1,550, cif.

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

May	103.90	-1.40	106.50	103.80	2,109	1,359
Jul	108.50	-1.15	109.50	105.70	13,475	2,193
Sep	108.20	-2.20	112.05	108.20	2,323	79
Nov	108.05	-4.10	111.50	108.00	1,122	128
Jan	110.00	-3.00	112.60	109.50	2,265	165
Mar	112.50	-3.75	115.95	113.50	668	127
Total					21,590	4,069

VOLUME DATA
Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Apr 29	Apr 28	month ago	year ago
1843.3	1829.4	(c)	1671.6

■ CRB Futures (Base: 4/9/56=100)

Apr 28	Apr 27	month ago	year ago
223.16	N/A	226.51	210.52

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Jun) +or-

Dubai	$14.00-4.13y	+0.015
Brent Blend (dated)	$15.55-5.60	-0.04
Brent Blend (Jun)	$15.44-5.45	+0.045
W.T.I. (1pm est)	$16.73-6.82	+0.025

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$173-175	-1.5
Gas Oil	$149-150	-1.5
Heavy Fuel Oil	$79-80	-0.5
Naphtha	$147-148	-0.5
Jet Fuel	$160-162	-1

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)♣	$376.10	+0.80
Silver (per troy oz)♣	519.50c	-4.00
Platinum (per troy oz)	$393.75	+4.75
Palladium (per troy oz)	$138.75	+2.00
Copper (US prod.)	98.00c	+2.0
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.43r	+0.07
Tin (New York)	250.50	-1.00
Zinc (US Prime W.)	Unq	
Cattle (live weight)†	123.25p	-2.08*
Sheep (live weight)†♠	151.49p	+12.34*
Pigs (live weight)	74.59p	-0.15*
Lon. day sugar (raw)	$282.00	-2.00
Lon. day sugar (wte)	$332.80	+0.70
Tate & Lyle export	£298.00	-1.00
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	$138.50	
Wheat (US Dark North)	£180.0x	
Rubber (Jun)♥	70.50p	
Rubber (Jul)♥	70.75p	
Rubber(KL RSS No1 Apr)	256.00m	+0.80
Coconut Oil (Phil)§	$595.0t	-12.5

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/03	108.9100	-1.670	8.41	8.16	7.30
Belgium		7.250	04/04	98.1800	-0.440	7.52	7.44	7.22
Canada *		8.500	06/04	89.3000	-0.160	8.07	7.86	7.75
Denmark		7.000	12/04	96.5500	-	7.19	7.23	8.90
France	BTAN	8.000	05/98	106.5000	+0.380	8.14	5.94	5.76
	OAT	5.500	04/04	91.0000	+0.280	8.77	6.78	8.59
Germany		6.000	09/03	96.1800	-0.250	6.55	6.51	6.28
Italy		8.500	01/04	96.5000	-0.300	9.06†	8.94	8.16
Japan	No 116	4.800	06/99	108.0840	-	3.41	3.45	3.43
	No 157	4.500	06/03	103.8310	+0.216	3.93	3.94	4.01
Netherlands		6.750	01/04	93.9000	-0.030	6.62	6.65	6.51
Spain		10.500	10/03	107.1500	-0.250	6.31	9.21	9.03
UK Gilts		8.000	06/98	93-16	+7/32	7.46	7.44	7.31
		8.750	11/04	92-11	+8/32	7.83	7.69	7.93
		6.000	10/08	108-25	+9/32	7.97	7.86	7.97
US Treasury *		5.875	02/04	61-28	-25/32	7.04	6.94	8.67
		6.250	08/23	07-10	-32/32	7.28	7.24	7.00
ECU (French Govt)		6.000	04/04	61.4400	+0.240	7.23	7.21	6.96

London closing. *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

ECONOMIC DIARY – FORWARD EVENTS

TODAY: Social Democrat (SPD) state conference (final day) in Mecklenburg, Germany. South Korean Defence Minister Rhee Byoung-tae visits Moscow. Taiwan's main opposition Democratic Progressive Party to hold congress and elect new chairman.

TOMORROW: Cable News Network opens its annual World Report Contributors Conference in Atlanta, US. President Clinton will address the forum and answer journalists' questions via satellite on Tuesday. Belarus to lift customs tariffs and trade barriers with Russia.

MONDAY: Start of European Parliament's last plenary session in Strasbourg before June 9 and 12 EP elections. Israeli foreign minister Shimon Peres and PLO chief Yasser Arafat meet in Cairo regarding Palestinian self-rule.

TUESDAY: Dutch general election. Trial resumes in Kuwait of five people in connection with alleged multi-million-dollar fraud at Kuwait Oil Tanker Company. General Agreement on Tariffs and Trade holds first monthly meeting in Geneva of ruling council since signing of Uruguay Round treaty in Marrakesh. British banking groups' mortgage lending figures (March). Bank of England MO figures (April).

WEDNESDAY: Armed forces from 11 countries begin Nato air, sea and land exercises in the central and western Mediterranean. UK official reserves (April). UK advance energy statistics (March). Overseas travel and tourism figures for UK (January).

THURSDAY: Nato secretary general Manfred Woerner briefs the Foreign Press Association in London. Final day of Cable News Network's World Report Contributors Conference in Atlanta.

FRIDAY: South Africa's National Assembly elects the country's new president. Official opening of Channel Tunnel by the Queen and French president François Mitterrand. Cyclical indicators for UK economy (April). British banking groups' analysis of lending (first quarter). Full monetary statistics from Bank of England (March). UK insolvency, bankruptcy statistics (first quarter).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar wobbles

The Federal Reserve yesterday took the unusual step of intervening in the markets to stop the dollar from falling through previous lows, *writes Philip Gawith.*

After repeated bouts of intervention, the US currency was trading in the evening at Y102 and DM1.6640 after touching intra-day lows of Y100.55 and DM1.6430.

The Fed first bought dollars for D-Marks at DM1.6590 per dollar, and then later at DM1.6585 and DM1.66. It bought dollars for yen at Y101.45-101.50 and again at Y101.90.

The last time the Fed intervened, at the behest of the Treasury, to support the dollar was on August 17 last year when the dollar fell to Y100.30.

Elsewhere, comments from Mr Hans Tietmeyer, the Bundesbank president, suggesting that German interest rates might fall faster than anticipated, led to frenzied trading in Euromark futures.

■ The Fed's intervention was confirmed by Mr Lloyd Bentsen, the US treasury secretary, who commented: "US monetary authorities intervened today in foreign exchange markets to counter disorderly conditions. This is in line with our previously articulated policy which recognises that excessive volatility is counterproductive to growth. We atand ready to continus to cooperate in foreign exchange markets."

■ **Pound in New York**

Apr 29	Latest	Prev. close
£ spot	1.5125	1.5140
1 mth	1.5110	1.5126
3 mth	1.5079	1.5106
1 yr	1.5060	1.5086

Intervention by the Fed overshadowed positive US data, which the market ignored. March single family home sales rose by 11.1 per cent, the biggest jump in six months. The purchasing management association of Chicago said its business barometer rose to 67.6 per cent in April from 66.5.

Analysts were sceptical about whether the Fed's activities offered the dollar more than a *temporary respite.* Mr Neil MacKinnon, chief economist at Citibank, commented: "It is round one to the Fed, but unless it is sustained and a lot heavier, I think markets will again test the previous lows of the dollar."

He said that so long as US/Japan trade talks remained stalled and Japan experienced political paralysis, "the US administration will not be averse to a stronger yen."

■ The D-Mark had a mixed performance in Europe yesterday. *It was slightly weaker* against the French franc, which closed at FFr3.427 from FFr3.429. It closed slightly highar at L959 from L958.3 against the Italian lira.

Mr Tietmeyer's comments, delivered in a magazine interview, led to a frenzy of afternoon activity on the futures markets. Mr Richard Phillips, analyst at brokers GNI, said the bullish tone of the Bundesbank president's comments had encouraged a lot of investors to start taking long positions again. "People got very *bulled up on the prospect of a* rate cut," said Mr Phillips.

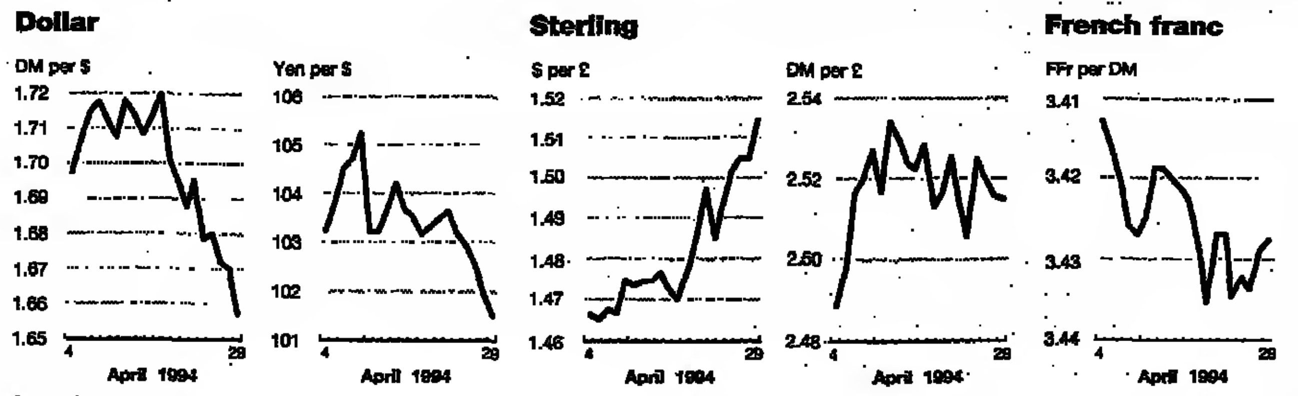
Trade was heavy with the June contract trading nearly 52,000 lots. The future closed at 94.92, 13 basis points np on Thursday's close.

■ The Bank of England yesterday injected £824m into the UK money markets after forecasting an £800m shortage. Market conditions were easy with overnight rates moving between 3 and 4¼ per cent.

Sterling rose against the dollar, closing at $1.5163 from *$1.5073, but ended slightly* lower against the D-Mark, at DM2.5126 from DM2.5167.

■ **OTHER CURRENCIES**

Apr 29	£	$
Hungary	155.314 - 155.527	102.450 - 102.550
Iran	2631.00 - 2637.00	1748.00 - 1750.00
Kuwait	0.4492 - 0.4508	0.2963 - 0.2971
Poland	33685.5 - 33729.2	22220.0 - 22240.0
Russia	2774.83 - 2782.41	1830.00 - 1835.00
U.A.E.	5.5527 - 5.5640	3.6715 - 3.6735



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Apr 29		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	17.6156	-0.0884	083 - 229	17.7692	17.6043	17.8118	0.3	17.6062	0.2	-	-	113.8
Belgium	(BFr)	51.7210	-0.0932	804 - 615	51.9645	51.5091	51.746	-0.6	51.791	-0.5	51.731	0.0	114.8
Denmark	(DKr)	9.8578	-0.0268	543 - 612	9.8867	9.8178	9.868	-1.2	9.8815	-1.0	8.891	-0.3	115.0
Finland	(FM)	8.1418	-0.0203	326 - 510	8.1730	8.0808	-	-	-	-	-	-	81.9
France	(FFr)	8.6125	-0.0175	094 - 158	8.6338	8.5727	8.6181	-0.6	8.6254	-0.5	8.6166	0.0	107.5
Germany	(DM)	2.5126	-0.0041	118 - 129	2.5202	2.5000	2.5132	-0.3	2.5134	-0.1	2.4992	0.5	123.0
Greece	(Dr)	368.537	-0.526	065 - 989	369.977	367.236	-	-	-	-	-	-	-
Ireland	(I£)	1.0292	-0.0001	279 - 304	1.0310	1.0248	1.03	-0.9	1.0314	-0.8	1.0345	-0.5	103.7
Italy	(L)	2410.24	-1.65	862 - 185	2412.22	2389.51	2416.09	-2.9	2426.54	-2.7	2461.59	-2.1	78.2
Luxembourg	(LFr)	51.7210	-0.0932	804 - 618	51.9645	51.5091	51.749	-0.6	51.791	-0.5	51.731	0.0	114.9
Netherlands	(Fl)	2.8197	-0.0067	184 - 210	2.8279	2.8073	2.82	-0.1	2.8202	-0.1	2.8059	0.5	116.5
Norway	(NKr)	10.9004	-0.0174	967 - 041	10.9358	10.8009	10.8948	0.6	10.9073	-0.3	10.8985	0.0	84.7
Portugal	(Es)	258.833	+0.408	630 - 035	259.035	257.268	259.808	-4.5	261.753	-4.5	-	-	-
Spain	(Pta)	204.701	-0.405	584 - 817	205.577	203.954	205.241	-3.2	206.086	-2.7	208.936	-2.1	85.5
Sweden	(SKr)	11.5989	-0.0829	909 - 068	11.6918	11.5661	11.6199	-2.2	11.6559	-2.0	11.7749	-1.5	77.3
Switzerland	(SFr)	2.1342	-0.0102	329 - 354	2.1397	2.1234	2.132	1.2	2.1275	1.3	2.0962	1.7	117.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.3
Ecu	-	1.3010	-0.0002	013 - 024	1.3036	1.2964	1.3029	-0.9	1.3041	-0.7	1.3031	-0.1	-
SDR	-	0.940998	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.5156	+0.0087	152 - 160	1.5232	1.5074	-	-	-	-	-	-	-
Brazil	(Cr)	1974.83	+46.01	436 - 530	1985.00	1930.00	-	-	-	-	-	-	-
Canada	(C$)	2.0947	+0.0133	939 - 955	2.1094	2.0836	2.0958	-0.6	2.0991	-0.8	2.1153	-1.0	86.6
Mexico	(New Peso)	4.9583	+0.0445	497 - 669	4.9759	4.9387	-	-	-	-	-	-	-
USA	($)	1.5163	+0.009	160 - 166	1.5240	1.5080	1.5148	1.2	1.5129	0.9	1.509	0.5	64.8
Pacific/Middle East/Africa													
Australia	(A$)	2.1253	+0.0075	241 - 265	2.1390	2.1144	2.1238	0.8	2.1215	0.7	2.1195	0.3	-
Hong Kong	(HK$)	11.7127	+0.0686	098 - 157	11.7714	11.6804	11.6997	1.3	11.6942	0.6	11.6452	0.8	-
India	(Rs)	47.5625	+0.2822	493 - 757	47.8000	47.3140	-	-	-	-	-	-	-
Japan	(Y)	153.882	+0.31	798 - 965	154.850	152.280	153.507	2.8	152.732	3.0	149.102	3.1	190.0
Malaysia	(M$)	4.0622	+0.0056	598 - 645	4.0843	4.0460	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.6300	+0.0024	278 - 321	2.6435	2.6171	2.6328	-1.3	2.6372	-1.1	2.6458	-0.6	-
Philippines	(Peso)	41.7514	+0.2478	157 - 871	41.9871	40.6657	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.6864	+0.0336	848 - 879	5.7148	5.6558	-	-	-	-	-	-	-
Singapore	(S$)	2.3579	+0.0146	566 - 591	2.3686	2.3449	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.3382	-0.0391	333 - 430	5.4026	5.3134	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	7.0128	+0.1018	962 - 294	7.0649	6.9053	-	-	-	-	-	-	-
South Korea	(Won)	1224.72	+7.85	417 - 526	1230.63	1218.31	-	-	-	-	-	-	-
Taiwan	(T$)	40.0455	+0.2151	224 - 686	40.2300	39.8400	-	-	-	-	-	-	-
Thailand	(Bt)	38.1805	+0.1814	577 - 032	38.3590	37.9870	-	-	-	-	-	-	-

†SDR rate for Apr 28. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 29		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	11.6175	-0.129	150 - 200	11.7125	11.5830	11.6337	-1.7	11.65	-1.1	11.6275	-0.1	102.9
Belgium	(BFr)	34.1100	-0.2655	900 - 300	34.3000	33.8750	34.18	-1.6	34.235	-1.5	34.29	-0.5	104.3
Denmark	(DKr)	6.5012	-0.0588	002 - 022	6.5379	6.4607	6.5147	-2.6	6.5349	-2.1	6.5542	-0.8	103.1
Finland	(FM)	5.3695	-0.0455	645 - 745	5.4094	5.3258	5.3747	-1.2	5.383	-1.0	5.397	-0.5	76.8
France	(FFr)	5.6800	-0.0455	780 - 810	5.7135	5.6340	5.6895	-2.0	5.7016	-1.5	5.7052	-0.4	103.7
Germany	(D)	1.6570	-0.0127	565 - 575	1.6651	1.6437	1.659	-1.5	1.6618	-1.0	1.6577	0.0	104.5
Greece	(Dr)	243.050	-1.8	800 - 300	244.500	241.800	246.8	-18.5	254.175	-18.3	283.05	-16.5	70.2
Ireland	(I£)	1.4733	+0.0089	718 - 749	1.4841	1.4671	1.4704	2.4	1.4663	1.8	1.4563	1.2	-
Italy	(L)	1589.55	-10.59	880 - 030	1595.60	1577.75	1595.05	-4.2	1604.05	-3.8	1631.55	-2.6	78.8
Luxembourg	(LFr)	34.1100	-0.2655	900 - 300	34.3000	33.8750	34.15	-1.8	34.235	-1.5	34.29	-0.5	104.3
Netherlands	(Fl)	1.8596	-0.0155	591 - 601	1.8718	1.8452	1.8617	-1.4	1.8642	-1.0	1.8623	-0.1	103.7
Norway	(NKr)	7.1888	-0.0545	878 - 898	7.2455	7.1190	7.1975	-1.5	7.21	-1.2	7.2208	-0.4	94.8
Portugal	(Es)	170.700	-0.75	600 - 800	171.400	169.100	172	-9.1	173.95	-7.5	179.2	-5.0	93.0
Spain	(Pta)	135.000	-1.075	950 - 050	135.800	134.050	135.495	-4.4	136.23	-3.6	138.485	-2.6	80.7
Sweden	(SKr)	7.6495	-0.1007	457 - 532	7.7324	7.6100	7.673	-3.7	7.7123	-3.3	7.8215	-2.2	82.5
Switzerland	(SFr)	1.4075	-0.0152	069 - 080	1.4157	1.3950	1.4253	-15.1	1.4063	0.3	1.3904	1.2	109.5
UK	(£)	1.5163	-0.009	160 - 166	1.5240	1.5080	1.5148	1.2	1.5129	0.8	1.509	0.5	89.0
Ecu	-	1.1648	+0.0072	645 - 650	1.1737	1.1592	1.1628	2.0	1.1602	1.6	1.1581	0.6	-
SDR	-	1.41507	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0002	995 - 996	0.9996	0.9995	-	-	-	-	-	-	-
Brazil	(Cr)	1302.40	+22.75	235 - 245	1302.45	1302.00	-	-	-	-	-	-	-
Canada	(C$)	1.3815	+0.0006	812 - 817	1.3851	1.3812	1.3837	-1.8	1.3876	-1.8	1.402	-1.5	83.2
Mexico	(New Peso)	3.2700	+0.01	650 - 750	3.2750	3.2500	3.271	-0.4	3.2728	-0.6	3.2802	-0.3	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	89.7
Pacific/Middle East/Africa													
Australia	(A$)	1.4018	-0.0034	011 - 021	1.4065	1.3995	1.4028	-1.1	1.4075	-1.7	1.4181	-1.2	86.2
Hong Kong	(HK$)	7.7245	-0.0006	240 - 250	7.7250	7.7240	7.7275	-0.5	7.7335	-0.5	7.7582	-0.4	-
India	(Rs)	31.3675	-	650 - 700	31.3800	31.3650	31.4325	-2.5	31.5675	-2.6	-	-	-
Japan	(Y)	101.485	-0.4	450 - 520	102.000	100.650	101.34	1.7	100.95	2.1	98.78	2.7	149.7
Malaysia	(M$)	2.6790	-0.0123	780 - 800	2.6905	2.6775	2.672	3.1	2.6565	3.4	2.718	-1.5	-
New Zealand	(NZ$)	1.7345	-0.0088	334 - 365	1.7370	1.7334	1.7358	-0.9	1.7403	-1.3	1.7622	-1.6	-
Philippines	(Peso)	27.5350	-	850 - 860	27.5850	27.3850	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7502	-0.0001	499 - 504	3.7504	3.7499	3.7509	-0.2	3.7532	-0.3	3.7647	-0.4	-
Singapore	(S$)	1.5550	+0.0003	545 - 555	1.5555	1.5540	1.5544	0.5	1.5538	0.3	1.5525	0.2	-
S Africa (Com.)	(R)	3.5205	-0.047	180 - 230	3.5445	3.5140	3.537	-5.6	3.563	-4.8	3.656	-3.8	-
S Africa (Fin.)	(R)	4.6250	+0.04	150 - 350	4.6800	4.5700	4.659	-8.8	4.718	-8.1	-	-	-
South Korea	(Won)	807.700	+0.45	500 - 900	807.900	807.500	810.7	-4.5	814.2	-3.2	832.7	-3.1	-
Taiwan	(T$)	26.4100	-0.015	000 - 200	26.4400	26.4000	26.4755	-3.0	26.576	-2.5	-	-	-
Thailand	(Bt)	25.1800	-0.03	700 - 900	25.1900	25.1700	25.26	-3.8	25.385	-3.3	25.905	-2.9	-

†SDR rate for Apr 28. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Apr 28. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Apr 29		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	19.06	16.66	4.859	1.990	4660	5.451	21.06	500.4	395.8	22.43	4.126	1.933	4.051	2.931	297.6	2.517
Denmark	(DKr)	52.47	10	8.737	2.549	1.044	2445	2.860	11.06	262.5	207.6	11.77	2.165	1.014	2.125	1.538	156.1	1.321
France	(FFr)	60.05	11.45	10	2.918	1.195	2798	3.273	12.66	300.5	237.7	13.47	2.478	1.161	2.432	1.760	178.7	1.512
Germany	(DM)	20.58	3.923	3.427	1	0.409	959.0	1.122	4.337	103.0	81.46	4.616	0.849	0.398	0.834	0.603	81.24	0.518
Ireland	(I£)	50.26	9.580	8.370	2.442	1	2342	2.740	10.59	251.5	198.9	11.27	2.074	0.972	2.036	1.473	149.6	1.266
Italy	(L)	2.146	0.409	0.357	0.104	0.043	100.	0.117	0.452	10.74	8.494	0.481	0.089	0.041	0.087	0.063	6.386	0.054
Netherlands	(Fl)	18.35	3.497	3.055	0.891	0.365	854.8	1	3.867	91.81	72.61	4.115	0.757	0.355	0.743	0.538	54.59	0.462
Norway	(NKr)	47.45	9.044	7.902	2.306	0.944	2211	2.586	10	237.4	187.8	10.64	1.958	0.917	1.922	1.391	141.2	1.194
Portugal	(Es)	19.98	3.809	3.328	0.971	0.398	931.2	1.089	4.212	100.	79.10	4.482	0.825	0.386	0.810	0.586	59.47	0.503
Spain	(Pta)	25.27	4.818	4.208	1.228	0.503	1177	1.377	5.325	126.4	100.	5.667	1.043	0.489	1.023	0.741	75.18	0.636
Sweden	(SKr)	44.59	8.498	7.425	2.166	0.887	2078	2.430	9.397	223.1	176.5	10	1.840	0.862	1.806	1.307	132.7	1.122
Switzerland	(SFr)	24.24	4.618	4.036	1.178	0.482	1129	1.321	5.106	121.3	95.92	5.436	1	0.469	0.982	0.710	72.12	0.610
UK	(£)	51.72	9.858	8.613	2.513	1.029	2410	2.818	10.90	258.8	204.7	11.60	2.134	1	2.095	1.516	153.9	1.302
Canada	(C$)	24.69	4.705	4.111	1.200	0.491	1150	1.346	5.203	123.5	97.71	5.537	1.019	0.477	1	0.724	73.46	0.621
US	($)	34.12	6.503	5.681	1.658	0.679	1590	1.859	7.190	170.7	135.0	7.652	1.408	0.660	1.382	1	101.5	0.859
Japan	(Y)	336.1	64.05	55.96	16.33	6.686	15660	18.32	70.83	1682	1330	75.37	13.87	6.498	13.61	9.851	1000.	8.460
Ecu		39.72	7.571	6.615	1.930	0.790	1851	2.165	8.372	198.8	157.2	8.909	1.639	0.768	1.609	1.164	118.2	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

EMS EUROPEAN CURRENCY UNIT RATES

Apr 29	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.791123	+0.000666	-2.16	5.40	15
Netherlands	2.19672	2.16998	-0.00181	-1.22	4.39	-
Belgium	40.2123	39.7937	-0.0066	-1.04	4.21	8
Germany	1.94964	1.93324	-0.0004	-0.84	4.00	-
France	6.53883	6.62667	-0.00642	1.34	1.78	-11
Denmark	7.43678	7.58793	-0.0042	2.03	1.07	-14
Spain	154.250	157.499	-0.099	2.11	1.00	-15
Portugal	192.854	198.876	+0.425	3.12	0.00	-21
NON ERM MEMBERS						
Greece	264.515	284.166	+0.019	7.43	-4.01	-
Italy	1793.19	1854.48	+1.11	3.42	-0.29	-
UK	0.786748	0.769775	+0.002134	-2.18	5.40	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.6011	0.6055	+0.0045	0.6078	0.5997	75,189	106,995
Sep	0.6007	0.6047	+0.0044	0.6067	0.6000	585	8,258
Dec	0.6069	0.6056	+0.0048	0.6069	0.6056	11	149

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.9892	0.9881	-0.0014	0.9956	0.9820	37,846	61,098
Sep	0.9990	0.9943	-0.0011	1.0017	0.9915	1,273	3,398
Dec	-	-	-	-	-	-	-

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	Calls May	Calls Jun	Calls Jul	Puts May	Puts Jun	Puts Jul
1.425	9.37	8.26	9.29	-	-	0.18
1.450	6.93	6.92	7.14	-	0.09	0.45
1.475	4.48	4.71	3.15	-	0.36	0.94
1.500	2.28	2.82	8.47	0.25	0.97	1.74
1.525	0.72	1.48	2.21	1.18	2.07	2.85
1.550	0.12	0.66	1.30	3.02	3.68	4.42

Previous day's vol., Calls 41,057 Puts 14,058 . Prev. day's open int., Calls 505,884 Puts 459,060

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	0.7069	0.7145	+0.0058	0.7174	0.7068	37,611	39,326
Sep	0.7100	0.7159	+0.0055	0.7184	0.7100	115	453
Dec	-	-	-	-	-	-	-

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Jun	1.5120	1.5200	+0.0072	1.5226	1.5064	28,605	45,115
Sep	1.5090	1.5170	+0.0068	1.5200	1.5080	124	1,073
Dec	-	-	-	-	-	-	-

WORLD INTEREST RATES

MONEY RATES

April 29	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	5⅜	5⅜	5¾	5¾	5⅞	7.40	4.75	-
week ago	-	5⅜	5⅜	5⅜	5⅞	7.40	4.75	-
[illegible]								

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	94.77	94.92	-0.13	94.93	94.77	53879	200287
Sep	94.91	95.05	-0.12	95.07	94.90	30009	155341
Dec	94.85	95.00	+0.12	95.00	94.84	41690	178149
[illegible]							

UK INTEREST RATES

LONDON MONEY RATES

Apr 29	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	4½ - 3	4¹¹⁄₁₆ - 4½	5¼ - 4⅞	5¼ - 5⅛	5⅞ - 5⁵⁄₁₆	5⅝ - 5½
Sterling CDs	-	-	5⅛ - 4⅞	5⅛ - 5⅛	5⅜ - 5⅜	5¼ - 5⅝
[illegible]						

EURO CURRENCY INTEREST RATES

[illegible]

BASE LENDING RATES

[illegible]

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. Φ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £128⅞ 128¾
Exchequer 10½% Stk 2005 - £119 (26Ap94)

Corporation and County Stocks

Birmingham Corp 3% (1902) 1932(or after) - £32½ (22Ap94)
Dudley Metropolitan Borough Council7% Ln Stk 2019 (Reg Int Certs)(F/P) - £25⅝ .675 (22Ap94)
Leeds(City of) 13½% Red Stk 2006 - £134 (22Ap94)

National Grid Co PLC 7⅝% Bds 1998 (Br £ Var) - £98½ (27Ap94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £109⅝
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Br - £111 (26Ap94)
National Westminster Bank PLC Prim Cap FRN(Ser A)(Br$10000&100000) - $85½ (27Ap94)
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £92¼ (27Ap94)
Nationwide Building Society 13.5% Subord Nts 2000 (Br £10000) - £121⅛ (27Ap94)
New South Wales Treasury Corp Zero CpGdBd2020(Br$A10000,1000000) -

Commonwealth Bank of Australia 8¾% Nts 2006 (Br $A Var) - $A101⅝ (22Ap94)
Co-operative Bank PLC Sub Fltg Rate Nts 2000(Br£5000&50000) - £94¼Φ
Daily Mail & General Trust PLC 8¼% Exch Bds 2005 (Br£1000&5000) - £173½ 6
Dawson Finance NV 9⅜% GtdRedCnvPrf 2004(CertsToBr'£116) - £98 (22Ap94)
Depfa Finance N.V. 7⅛% Gtd Bds 2003 (Br £ Var) - £90.95
Dhana Siam Finance & Secs PLC 4% Subord Cnv Bds 2003(RegIntMult$1000) - $162 (26Ap94)
EIf Enterprise Finance PLC 8¾% Gtd Exch Bds 2008 (Reg £5000) - £100
EIf Enterprise Finance PLC 8¾% Gtd Exch Bds 2008(Br£5000&100000) - £100½Φ
European Bank for Rec and Dev 8.875% Bds 1998 (Br ECU1000&100000) - EC105.1 (25Ap94)
Far Eastern Textile Ld 4% Bds 2006(Br$10000) - $123 (27Ap94)
Finland(Republic of) 10⅞% Bds 1998 - £108.0125 (26Ap94)
GMAC Australia(Finance) Ld 10% Nts 1995 (Br $A1000&10000) - $A104 (22Ap94)
Guaranteed Export Finance Corp PLC Gtd Zero Cpn Bds 2000(Br£10000&100000) - £59¾ (27Ap94)
Guinness PLC 7¾% Nts 1997 (Br £ Var) - £99¼
Guinness PLC 10⅝% Nts 1997 (Br £1000 & 10000) - £107½ (27Ap94)
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £105½ (22Ap94)
Halifax Building Society 8½% Bds 2004 (Br£1000,10000,100000) - £87.55 .62 (27Ap94)
Halifax Building Society 7¼% Nts 1998 (Br £ Var) - £98½ ⅞ (25Ap94)
Halifax Building Society 10⅞% Nts 1997(Br£1000&10000) - £108⅛ 7.05 (26Ap94)
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £116Φ
Hanson PLC 10⅜% Bds 1997 (Br £Var) - £106⅛ (22Ap94)
Hydro-Quebec 8.50% Debs Sers IK 1988(Reg £ Vars) - £94⅛
Imperial Chemical Industries PLC 10% Bds 2003(Br£1000&10000) - £107⅞ (25Ap94)
International Bank for Rec & Dev 9¼% Bds 2007 (Br£5000) - £107⅞ (26Ap94)
International Bank for Rec & Dev 10¼% Nts 1999 (Br£5000) - £109.175 (27Ap94)
International Bank for Rec & Dev 11¼% Nts

Tung Ho Steel Enterprise Corp 4% Bds 2001(Br$10000) - $116 118.45 119
U-Ming Marine Transport Corporation1½% Bds 2001(Reg In Mult $1000) - $95¾ 96¼
Unilever PLC 7⅛% Nts 1998 (Br £ Var) - £98⅜ (27Ap94)
Wellcome PLC 9¼% Bds 2006(Br£1000&10000) - £106⅛
Woolwich Building Society 11⅝% Subord Nts 2001 - £112.8 ⅞
Woolwich Building Society 10⅛% Subord Nts 2017 (Br £ Var) - £108 (22Ap94)
Halifax Building Society £150m 7⅞% Nts 14/4/2000 - £97⅞ (27Ap94)
SBAB £C10m Fltg Rte Nts 22/12/95 - £97½ (22Ap94)
Sweden(Kingdom of) $2000m 5½% Nts 1995 (Br $ Var) - $99½ (26Ap94)
Sweden(Kingdom of) £600m 7½% Nts 3/12/97 - £99⅞
Sweden(Kingdom of) £250m 7% Instruments 23/12/98 - £96⅞ (27Ap94)
Sweden(Kingdom of) £350m 7⅝% Bds 28/7/2000 - £96⅞ (26Ap94)

Sterling Issues by Overseas Borrowers

Australia(Commonwealth of) 11⅜% Ln Stk 2015(Reg) - £126
Bank of Greece 10¼% Ln Stk 2010(Reg) - £105 (26Ap94)
Credit Foncier De France 14¾% Gtd Ln Stk 2007(Reg) - £150.6 (27Ap94)
European Investment Bank 9% Ln Stk 2001 (Reg) - £104⅜
European Investment Bank 9½% Ln Stk 2009 - £110¾Φ ⅞Φ
European Investment Bank 10⅜% Ln Stk 2004(Reg) - £114⅞ (26Ap94)
European Investment Bank 10⅜% Ln Stk 2004(Br £5000) - £114.51 (22Ap94)
European Investment Bank 11% Ln Stk 2002(Reg) - £118⅛
Finland(Republic of) 11½% Ln Stk 2009 (Reg) - £122½ (27Ap94)
Finland(Republic of) 11½% Ln Stk 2009(Br£5000) - £123⅞ (26Ap94)
New Zealand 11¼% Stk 2008(Reg) - £123Φ
New Zealand 11½% Stk 2014(Reg) - £129⅛
Petroleos Mexicanos 14½% Ln Stk 2006 - £126
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £105.825 ⅞
Sweden(Kingdom of) 9¼% Ln Stk 2014(Reg)

Lloyds Bank PLC 10¼% Subord Bds 1998(Br£10000) - £108.65
London Electricity PLC 8% Bds 2008 (Br £ Var) - £97.325 (27Ap94)
Lucas Industries Inc 5¼% Cnv Bds 2002(Br$1000) - $135.13 (26Ap94)
Lucas Industries PLC 10⅞% Bds 2020 (Br£10000&100000) - £114¼ (27Ap94)
Marks & Spencer Finance PLC 7⅛% Gtd Nts 1998 (Br £ Var) - £97⅝
Municipality Finance Ld 6½% Gtd Nts 1997 (Br £Var) - £104⅞ (22Ap94)

Allied-Lyons Financial Services PLC6¾% Gtd Cnv Subord Bds 2008(Br £ Var) - £107¼ 107⅜
Allnatt London Properties PLC 10½% 1st Mtg Deb Stk 94/99 - £99¼ (25Ap94)
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 78 8 (27Ap94)
American Brands Inc Shs of Com Stk $3.125 - $33.97 (26Ap94)
Ameritech Corp Shs of Com Stk $1 - $41⅛ (26Ap94)

Symonds Engineering PLC Ord 5p - 32 (27Ap94)
T & N PLC 11¼% Mtg Deb Stk 95/2000 - £103½ (25Ap94)
TSB Gilt Fund Ld Ptg Red Prf 1p(Class"A" Ptg Red Prf) - 104.8Φ
TSB Group PLC 10⅝% Subord Ln Stk 2008 - £113 (27Ap94)
TSB Offshore Inv Fund Ld Ptg Red Prf 1p(Pan American Class) - 461.3291 (25Ap94)
TSB Offshore Inv Fund Ld Ptg Red Prf 1p(UK Equity Class) - 326.9 (26Ap94)
TT Group PLC 10.875% Cnv Cum Red Prf Shs £1 1997 - 294¼ (22Ap94)
Tate & Lyle PLC 6½%(4.55% plus tax credit)Cum Prf £1 - 70 (22Ap94)
Taylor Woodrow PLC 9½% 1st Mtg Deb Stk 2014 - £104⅜ (22Ap94)
Tesco PLC 4% Uns Deep Disc Ln Stk 2006 - £85¾ (25Ap94)
Thailand International Fund Ld Ptg Shs $0.01 (IDR's to Br) - $26½
THORN EMI PLC ADR (1:1) - $16.89 7.17 (25Ap94)
Trafalgar House PLC 5.575% Cum Prf £1 - 79 (27Ap94)
Trafalgar House PLC 7% Uns Deb Stk £1 - 70

Bankers Investment Trust PLC 10½% Deb Stk 2016 - £117½ (27Ap94)
British Assets Trust PLC 4½% Prf Stk(Cum) - £49 (27Ap94)
British Assets Trust PLC Equities Index ULS 2005 10p - 158
Capital Gearing Trust PLC Ord 25p - 450 (22Ap94)
Clements Korea Emerging Growth FundSha $10 (Reg Lux) - $12⅛
Edinburgh Investment Trust PLC 7½% Deb Stk 1995 - £100¾ (27Ap94)
Edinburgh Investment Trust PLC 11½% Deb Stk 2014 - £128½ (26Ap94)
English & Scottish Investors PLC "B" 25p - 117
Fidelity European Values PLC Equity Linked Uns Ln Stk 2001 - 147½
Finsbury Smaller Co's Trust PLC Zero Div Prf 25p - 179¾ ⅛ 80 (27Ap94)
Fleming Far Eastern Inv Trust PLC 5% Cum Prf £1 - 54 (22Ap94)
Foreign & Colonial Eurotrust PLC 6¾% Cnv Uns Ln Stk 1998 - £360 (27Ap94)
Foreign & Colonial Smaller Co's PLC8% Cum Prf Stk - £85 (25Ap94)
Gartmore British Inc & Grth Tst PLCZero Dividend Prf 10p - 108¼ ½

Brakspear(W.H.)& Sons PLC Ord 25p - £2.35
Brancote Holdings PLC Ord 5p - £0.302
Bray Technologies PLC Ord 10p - £0.55
Bromsgrove Industries PLC 9% Cnv Uns Ln Nts 1999 - £91½ (26Ap94)
Caverham PLC Ord 1p - £0.115 0⅛
Channel Islands Coms (TV) Ld Ord 5p - £0.58
Coutts Global Fund UK Equity Fund - £11.32 (25Ap94)
Crowther(John Edward) Hldgs 5½% Cum Prf £1 - £0.65 (22Ap94)
D.B.S.Management PLC Ord 10p - £2.2 (25Ap94)
Dart Valley Light Railway Ld Ord £1 - £2½ (26Ap94)
Dawson Hldgs PLC Ord 10p - £4.9 4.95 (27Ap94)
Elliot (B.) PLC 7.5% (Net) Cnv Cum Red Prf £1 - £1.12Φ
Faxcast Broadcast Corporation PLC Ord 5p - £0.52 (27Ap94)
Gander Holdings PLC Ord 1p - £0.07 (27Ap94)
Grampian Television PLC Ord 10p - £4.1 (22Ap94)
Groucho Club London PLC Ord 10p - £0½ (27Ap94)

Vista Entertainments PLC Ord 5p - £0.005
Wheatabix Ld "A" Non-V Ord 25p - £18.08
Whitchurch Group PLC Ord 10p - £0.57
Winchester Multi Media PLC Ord 5p - £0¼
Yates Bros Wine Lodges PLC Ord 25p - £2.15

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust Foundation Inv A$2 100(28.4)
Bukit Sembawang S$27 18(27.4)
Cape Range Oil A$1.42(28.4)
City Developments S$7.925(27.4)
Far East Hotels & Entertainment HK$2.752631(27.4)
Kulim Malaysia Ord (Malay Reg) Y658.2275(25.4)
National Electronics Hldgs .1 5(28.4)
Oil Search 44 0(29.4)
Palabora Mining £9 125(27.4)
Regal Hotels (Hldgs) HK$0 231(28.4)
Robinson & Co S$6.19Φ(22.4)
Singapore Land S$7.35(27.4)
Storer Communications Sk405.08,415.0 (27.4)
Walhalla Mining Co A$0 1695(29.4)

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LONDON STOCK EXCHANGE

MARKET REPORT

Equity market picks up in the wake of gilts rally

By Steve Thompson

Transatlantic influences remained the dominant factor affecting London's stock market which lost ground in the wake of another choppy performance hy UK gilt-edged stocks, before staging a good rally in line with US bonds.

The latter responded immediately to news of intervention by the US Federal Reserve in global currency markets, stemming an earlier steep decline in the dollar and earlier weakness in US Treasury bonds.

The US authorities' intervention saw longer-dated gilts, which fell around ¾ at the outset of trading, rally strongly behind an improving US bond market and a firmer Dow Jones Average to end a busy session a net $\frac{5}{32}$ higher as the market closed.

At the close of what had been expected to be a subdued session, the FT-SE 100 index posted a 4.6 fall at 3,125.3. Over the first week of the first of a three-week account which takes in the May Day Bank Holiday, the index has recorded a fall of 8.4.

The late rally in the FT-SE 100 stocks failed to carry over into the second line stocks which closed around the day's lowest levels, as measured by the FT-SE Mid 250 index which settled 16.3 off at 3,781.1.

Turnover was regarded as disappointing, at the second lowest this week at 574.9m shares with non-FT-SE 100 stocks accounting for 632 per cent of the total.

It was a sbarp ratreat by US bonds overnigbt, in response to worrying inflationary pressure in the US and a disappointing response by international investors to the auction of US Treasury bonds that triggered a big slide in overnight US markets and induced the opening weakness in gilts as the London market began trading.

Trading in the equity market got off to a very slow start, affected by the losses across European equity and bond markets and reflecting thin attendance around the City as many dealers began their extended Bank Holiday hreak.

The FT-SE 100 kicked off almost 12 points lower, in very quiet trading hut then staged a rally, partly, dealers said, in the wake of a modest huy programme and a temporary rally in gilts which drove the 100 index briefly into plus territory and to the session's high point of 3,130.0 in mid-morning.

But with gilts slipping back and the market beginning to worry sbout renewed weakness in US markets, the FT-SE began to fall away, eventually hitting a session low of 3,105.6, down 24.3 sbortly after Wall Street opened. The subsequent Fed intervention produced big rallies in markets across the globe.

Apart from the Fed intervention there was some big action in the FT-SE future where one very big buyer, rumoured to have represented a hig US institution, moved into the market during the late afternoon and onwards to the close.

Dealers were disappointed at the market's performance over the week, given the emergence of the much rumoured takeover hid for Lasmo. The frantic activity in Lasmo shares and options over recent sessions was much reduced yesterday but traders remain convinced that a counter to Enterprise's all-paper offer for the UK exploration company may yet appear.

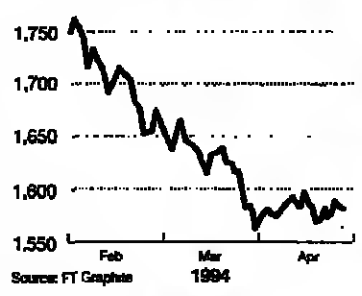
The bank sector provided one of the day's big features in Royal Bank of Scotland whose shares made rapid progress early in the session amid reports – quickly denied by the bank – that RBOS was about to follow Lloyds in acquiring a big UK building society.

Account Dealing Dates

*First Dealings:		
Apr 11	Apr 25	May 10
Option Declarations:		
Apr 21	May 12	Jun 2
Last Dealings:		
Apr 22	May 13	Jun 3
Account Day:		
May 3	May 23	Jun 13

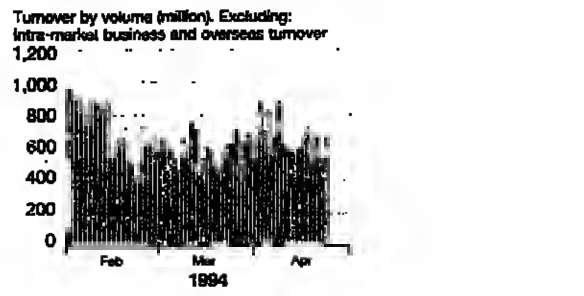
*New time dealings may take place from two business days earlier.

FT-SE-A All-Share index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE Mid 250	3781.1	-16.3
FT-SE-A 350	1588.3	-3.4
FT-SE-A All-Share	1580.44	-3.07
FT-SE-A All-Share yield	3.87	(3.66)
FT Ordinary index	2505.8	+1.6
FT-SE-A Non Fins p/e	20.57	(20.61)
FT-SE 100 Fut Jun	3139.0	+19.0
10 yr Gilt yield	7.94	(7.97)
Long gilt/equity yld ratio:	2.21	(2.23)

FT-SE 100 Index

Closing index for Apr 29	3125.3
Change over week	-8.4
Apr 28	3129.9
Apr 27	3150.0
Apr 26	3125.3
Apr 25	3106.1
High*	3187.3
Low*	3105.6

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	2,500	53½		Lonrho	1,400	142	
Abbey National†	1,300	438	-6	Lucas	1,200	207	-2
Albert Fisher	1,600	58		MEPC†	51	487	+4
Allied-Lyons†	1,500	597	+1	MFI	777	169	-½
Anglian Water	205	469	-10	Manweb	272	664	-13
Argos	1,300	365		Marks & Spencer†	3,000	438½	-2½
Argyll Group†	3,200	230	-3½	Midlands Elect.	468	588	-10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Johnson Matthey	251	826	+5	Wellcome†	2,200	524	+9
Kingfisher†	1,700	577	+3	Welsh Water	378	802	-14
Kwik Save	93	552	-4	Wessex Water	199	592	-6
Ladbroke†	1,200	186	+3	Whitbread†	367	543½	-1½
Land Securities†	1,600	670		Williams Hldgs.†	1,100	388	-5
Laporte	340	814	+1	Willis Corroon	178	229½	-5½
Legal & General†	725	452½	-12½	Wimpey	534	188	-4
Lloyds Abbey	267	378	-3	Wolseley†	117	867	-7
Lloyds Bank†	2,600	585	+3	Yorkshire Elect.	831	561	-12
LASMO	8,100	149½	-7½	Yorkshire Water	723	483	-14
London Elect.	844	564	-15	Zeneca†	1,900	689	+2

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † indicates an FT-SE 100 index constituent.

EQUITY FUTURES AND OPTIONS TRADING

A purchase of 500 Footsie futures contracts minutes before the close of trading enlivened an otherwise quiet day in derivatives, *writes Clare Gascoigne*.

The trade, pushed tha June future to 3,155, although it fell back to 3,139 in after-hours dealing. There was speculation that it was linked to an over-the-counter option expiring next week.

Juna opened down 12 at 3,109, and drifted to a low of 3,096 with a very weak bond market and tha release of US economic data. A gentla rally took it back to around 3,134 before the final trada.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3109.0	3139.0	+19.0	3155.0	3096.0	11031	52914
Sep	3133.0	3157.5	+19.0	3138.0	3133.0	2	719
Dec	-	3169.5	+19.0	-	-	0	210

■ FT-SE MID 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	3765.0	3790.0	+5.0	3775.0	3765.0	132	3628

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	-	3785.0	-	-	-	-	918

All open interest figures are for previous day. † Exact volume shown.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3124) £10 per full index point

	2950 C	2950 P	3000 C	3000 P	3050 C	3050 P	3100 C	3100 P	3150 C	3150 P	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P
May	195½	3½	148½	6½	107½	15	69½	27½	39	49	20	80½	8½	125½	4	175½
Jun	206	19	164½	28	128½	41	96	58	67½	80	45½	109	28½	143	16½	182½
Jul	223½	30½	186	42½	150	56½	118½	76	91½	98	70	126½	50	157½	38	194½
Aug	244½	46	206½	57½	170	71	140½	91½	111½	112½	88½	140	67½	169	51	204
Dec†			283	104½			203½	142½			150½	188			104½	242½

Calls 4,219 Puts 5,589

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	2975 C	2975 P	3025 C	3025 P	3075 C	3075 P	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P
May	170½	5½	124½	11	83½	21	51½	37½	28	64½	13½	99½	6	139½	2½	185
Jun	188	22½	146½	33½	111½	48	82	68	67½	93	38½	124	25	160	15½	200
Jul			167½	47½			105½	85			60½	138½			31	208
Sep			202½	72½			142	110			94	160			58½	223
Dec†			243½	104½			185	143			135	190			96½	248

Calls 773 Puts 3,315 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3750	3800	3850	3900	3950	4000	4050	4100
May	40 35	64 28	100 8½	140				

Calls 0 Puts 0 Settlement prices and volumes are taken at 4.30pm.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday April 29 1994

Engineering, Vehicles	+15.39	Building & Construction	+0.31	Retailers, General	-8.18
Printing, Paper & Pckg	+14.51	Support Services	+0.13	Consumer Goods	-8.46
Oil Exploration	+12.62	Breweries	-0.06	FT-SE 100	-8.57
Engineering	+11.19	FT-SE Mid 250	-0.27	Retailers, Food	-9.18
Chemicals	+9.51	Services	-1.53	Life Assurance	-11.55
Leisure & Hotels	+8.63	Electronic & Elec Equipmt	-2.27	Merchant Banks	-13.00
Media	+7.54	Spirits, Wines & Ciders	-2.41	Insurance	-14.43
FT-SE SmallCap ex IT's	+5.86	Transport	-2.98	Tobacco	-15.18
Diversified Inds	+5.58	Health Care	-3.08	Pharmaceuticals	-15.30
Gen Manufacturers	+5.17	Food Manufacturers	-3.80	Gas Distribution	-15.52
Extractive Industries	+4.56	Non-Financials	-3.82	Electricity	-15.65
Distributors	+4.29	Building Materials	-3.84	FT Gold Mines Index	-15.92
FT-SE SmallCap	+4.01	Household Goods	-4.70	Financials	-16.44
Mineral Extraction	+3.48	Investment Trusts	-6.04	Utilities	-17.13
Oil, Integrated	+2.79	FT-SE-A All-Share	-6.05	Telecommunications	-18.01
FT-SE Mid 250 ex IT	+0.52	FT-SE-A 350	-6.74	Water	-19.20
Textiles & Apparel	+0.43	Property	-8.16	Banks	-20.84

Drugs stocks in demand

Leading pharmacenticals stocks, which tend to be big dollar earners, ignored yesterday's shock slide in the US currancy and powered forward with the help of technical and fundamental snpport. The move fuelled hope that one of the most heavily depressed sectors in the market has turned the corner; over the past year the pharmaceuticals sector has underperformed the FT-A All Share Index by nearly 25 per cent.

The technical push came partly from New York where the US pharmaceuticals sector has been gaining ground as investors switch into defensive stocks. It also came to SmithKline Beecham, the sector's best performer, after a bought deal in the morning left marketmakers short of stock. The squeeze on the share price sent SmithKline up 14 to 389½p in the 'A's and 14 to 356p in the Units. Finally, dealers said that overweight UK institutions had now adjusted their portfolios and the recent selling pressure had dried up.

The corporate relief centred on Glaxo as analysts digested the company's legal suit against Ciha Geigy. They decided that Ciba's assault on Glaxo's patent for Zantac, the world's top selling drug, looked less solid than before. The shares rose 7½ to 576½. Wellcome improved 9 to 524p.

Midland sale

Newly-floated newspaper group Midland Independent Newspapers was among the most actively traded stocks as one of its backers sold an 8 per cent stake in the company.

Tbe seller is believed to be the Italian arm of a venture capital group which had bought shares at 140p at the time of the March flotation. Yesterday, it turned a 23 per cent profit placing 11.6m shares in the market at 172p a share via the company's broker, James Capel, which then sold them on to two institutions at 173p a share. Midland shares rose a half penny to 176½p on turnover of 23m.

RJB Mining was also among the most beavily traded stocks as two investment funds sold stakes worth a total of £50m. Schroder Venture Managers sold 25.81 per cent or 11.73m shares and Charterhouse Capital sold 6 per cent or 2.7m stakes in the company. BZW the company's broker placed the shares with institutional investors. The shares eased a penny to 364p.

The investment strategies of the cash generative stores gronps were highlighted hy BZW, the hroker finding in favour of Marks and Spencer, Boots and Great Universal Stores and recommending positive dividend policies to soak up the companies' cash mountains. GUS – steady at 601p yesterday – has been the subject of much market speculation in recent weeks over how it intends to use its £1.5bn of cash, with market gossip focusing on a possible share buyback. M&S shares slipped 2¼ at 438½p, while Boots put on 3½ to 547½p.

The two big share losers in the leisure sector this week – Airtours and Compass Group – both staged rallies yesterday as bargain-hunters moved in. Holiday group Airtonrs bounced 5 to 429p, still only slightly denting its net fall this week of 55. The steep decline was prompted by the purchase of SAS Leisure, a Scandinavian holiday group, for £74m to be funded largely by a rights issue. Compass gained 7 to 315p, making its fall since talk of its £300m US deal and rights issue came into the market two weeks ago, a net 44.

Big turnover in Rank Organisation came as a big huy order begun on Wednesday was finally wound up, according to dealers. Rank shares added a penny to 430p on final volume of 8.1m.

Food and detergent giant Unilever recovered ground after it announced that it was to sue its rival Proctor & Gamble over remarks allegedly made against the former's new soap powder. The shares ended the session 8½ adrift at 1072½p, after 1065p.

Royal Bank of Scotland bounced 9 to 402p as investors switched funds from elsewhere in the sector ahead of the Scottish bank's interim figures on May 11. There had been speculation earlier in tha day that RBoS was poised to buy the National & Provincial Building Society hut the rumours were dismissed hy analysts.

Big dollar earner HSBC tumhled 22 to 706p in response to tha weakness of the US currency.

Paper and packaging stocks rose sharply in response to a newspaper article which cited increases in North American and European newsprint groups and lifted hopes that prices and margins were improving. Arjo Wiggins Appleton gained 7 to 315p and Bowater rose 8 to 460p.

Weak gilts and continuing negative sentiment over regulatory issnes kept the water and electricity utilities under a cloud, although the late afternoon gilt rally produced a small bounce.

Among the Recs, Midlands slid 19 to 568p, Southern 11½ to 570½p and Eastern 15 to 578p. The generators, under less regulatory threat, held up, with National Power off 4 at 428p and PowerGen 2½ at 481½p.

Mohile telecoms group Vodafone continued its recovery following worries, considered overdone by many in the market, over the threat of competition. The shares added 5 to 534p. But both competition and regulatory concerns were said to be again overhanging BT as the fully-paid shares hit their lowest point of the year and the lowest level since October 1993, down 8 at 368½p on 6.4m traded. Tbe partly-paid retreated 7 to 251p.

A profits warning from Canadian Pizza sent tha shares retreating 46 to 120p. The company, which supplies products to outlets such as Sainshury, hlamed lower sales.

In the drinks sector, sentiment was boosted hy the clearing of two major deals, Allied Lyons' £700m merger witb Domecq of Spain and Guinness' restructuring of its shareholding in French group LVMH. Allied shares added a penny to 587p, Guinness 3 to 480p and other spirits giant Grand Metropolitan chipped in with a rise of 7 to 476p.

Car dealer Lex Retail Group moved ahead 3 to 545p after announcing a 17 per cent increase in new car registrations in the first quarter.

NEW HIGHS AND LOWS FOR 1994

NEW HIGHS (50). BUILDING & CNSTRN (1) Bett Bros., BLDG MATLS & MCHTS (4) Hewetson, Johnston, Kingspan, Russell (A.), CHEMICALS (4) Allied Colloids, Courtaulds, Hoechst, Kalon, DISTRIBUTORS (4) Acal, Adam & Harvey, Brammer, Northamber, DIVERSIFIED INDLS (1) Wassall, ELECTRNC & ELECT EQUIP (6) ENGINEERING (6) ENG, VEHICLES (2) Trinity, Volvo 'B', EXTRACTIVE INDS (1) Stilfontein, FOOD MANUF (1) Moran, INVESTMENT TRUSTS (1) Siam Selective Wrts, LEISURE & HOTELS (3) Boosey & Hawkes, Pelican Grp., Ramsden's (H), MEDIA (2) Midland Ind. News., VTR, OIL EXPLORATION & PROD (1) Ex. Co. Louisiane, OTHER FINANCIAL (1) Parambe, OTHER SERVS & BUSNS (1) Caird Prf, PRTNG, PAPER & PACKG (3) Arjo Wiggins Appleton, Low & Bonar, Sappi, PROPERTY (1) Warnford Inv., RETAILERS, GENERAL (1) Austin Reed, SUPPORT SERVS (3) DCS, Hawtal Whiting, Reed Exec, TRANSPORT (1) Seafield, SOUTH AFRICANS (1) Barlow,

NEW LOWS (189). GILTS (46) OTHER FIXED INTEREST (8) BANKS (5) BREWERIES (1) Halkin, BUILDING & CNSTRN (3) Amco, Berkeley, EBC, BLDG MATLS & MCHTS (4) Blue Circle, Do. Prf, Hepworth, Tarmac, DISTRIBUTORS (2) Davenport Vernon, Diploma, DIVERSIFIED INDLS (1) Pacific Dunlop, ELECTRICITY (12) ELECTRNC & ELECT EQUIP (1) Graseby, ENGINEERING (1) Black & Decker, EXTRACTIVE INDS (5) FOOD MANUF (2) Canadian Pizza, Nestle', INSURANCE (6) INVESTMENT TRUSTS (4) INVESTMENT COMPANIES (14) LEISURE & HOTELS (1) Airtours Pf, LIFE ASSURANCE (3) Lloyds Abbey Life, London & Manchester, Refuge, MEDIA (3) Fledach, Harrington Kilbride, Princedale, OIL EXPLORATION & PROD (2) Energy Equity, Pittencrieff, OIL, INTEGRATED (2) Exxon, Mobil, OTHER FINANCIAL (3) BWD, Henderson Adm, INVESCO, OTHER SERVS & BUSNS (1) Platignum, PHARMACEUTICALS (1) Proteus, PRTNG, PAPER & PACKG (3) Lawson Mardon, NMC, Plysu, PROPERTY (3) Bilton, Herring Baker Harris, Power, RETAILERS, FOOD (1) Kwik Save, RETAILERS, GENERAL (3) Christies, Coles Myer, Upton & Southern, SUPPORT SERVS (1) OIS Intl. Inspection, TELECOMMUNICATIONS (1) Brit Telecom, TEXTILES & APPAREL (2) Albion, Hartstone, TOBACCO (1) BAT Inds. 12½pc Ln 2003/08, TRANSPORT (1) Vard, WATER (12) AMERICANS (8) CANADIANS (3)

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises

Antofagesta	1410	+ 57
Bakyrchik	365	+ 25
Boosey & Hawkes	1513	+ 88
Bulgin A	17¾	+ 2¼
Gerrard & National	468	+ 20
Grampian TV A	267	+ 8
Hicking Pentecost	243	+ 9
High-Point	73	+ 10
King & Shaxson	146	+ 6
Moran Hldgs	51	+ 4
Parambe	69	+ 4
Secure Retirement	59	+ 4

Falls

Canadian Pizza	120	- 46
Clyde Blowers	273	- 17
David Brown	247	- 16
Harrington Kilbride	149	- 8
Hunters Armley	225	- 9
LASMO	149½	- 7½
Merrydown	138	- 5
Northumbrian Water	558	- 24
Pittencrieff	336	- 11

FT - SE Actuaries Share Indices — The UK Series

	Apr 29	Day's chge%	Apr 28	Apr 27	Apr 26	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	3125.3	-0.1	3129.9	3150.0	3125.3	2813.1	3.88	6.36	18.89	38.08	1160.79	3520.3	2/2	3086.4	31/3	3520.3	2/2/94	986.9	23/7/84
FT-SE Mid 250	3781.1	-0.4	3797.4	3793.9	3777.7	3132.1	3.25	5.38	22.72	35.20	1386.43	4152.8	3/2	3752.9	31/3	4152.8	3/2/94	1379.4	21/1/86
FT-SE Mid 250 ex Inv Trusts	3797.0	-0.4	3812.8	3809.0	3792.0	3164.1	3.37	5.80	21.27	36.42	1388.25	4160.7	19/1	3772.7	8/4	4160.7	19/1/94	1378.3	21/1/86
FT-SE-A 350	1588.3	-0.2	1591.7	1598.1	1587.0	1402.6	3.73	6.13	19.67	17.50	1207.33	1778.3	2/2	1570.4	31/3	1778.3	2/2/94	664.5	14/1/86
FT-SE SmallCap	1943.05	—	1942.90	1939.35	1936.33	1589.09	2.90	4.15	29.57	18.10	1488.24	2094.98	4/2	1874.73	4/1	2094.98	4/2/94	1363.79	31/12/92
FT-SE SmallCap ex Inv Trusts	1920.44	+0.1	1918.86	1915.51	1912.82	1600.76	3.06	4.60	27.07	16.24	1473.77	2060.72	4/2	1825.29	4/1	2060.72	4/2/94	1363.79	31/12/92
FT-SE-A ALL-SHARE	1580.44	-0.2	1583.51	1590.23	1579.75	1388.88	3.67	5.99	20.10	17.11	1222.34	1764.11	2/2	1561.97	31/3	1764.11	2/2/94	61.92	13/12/74

■ FT-SE Actuaries All-Share

	Apr 29	Day's chge%	Apr 28	Apr 27	Apr 26	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1994 High		1994 Low		Since Compilation High		Since Compilation Low	
10 MINERAL EXTRACTION(18)	2652.89	-0.8	2675.10	2709.24	2671.10	2086.90	3.47	4.64	27.05	31.95	1051.27	2709.24	27/4	2439.66	31/3	2709.24	27/4/94	980.20	19/2/88
12 Extractive Industries(4)	3885.38	+0.5	3866.02	3863.00	3839.92	3045.60	3.34	5.09	24.64	42.75	1060.07	4107.55	2/2	3768.60	22/2	4107.85	2/2/94	1000.00	31/12/85
15 Oil, Integrated(3)	2585.17	-1.0	2610.37	2646.73	2605.77	1980.00	3.50	4.69	25.41	32.88	1045.39	2646.73	27/4	2349.96	30/3	2646.73	27/4/94	982.30	20/2/88
16 Oil Exploration & Prod(11)	1960.60	-2.5	2036.89	2099.43	2062.38	1969.40	3.39	1.25	80.00†	15.36	1138.04	2099.43	27/4	1784.40	31/3	3944.10	8/8/90	650.30	28/7/86
20 GEN MANUFACTURERS(282)	2126.05	-0.2	2129.47	2128.35	2116.12	1763.90	3.54	4.29	29.25	23.14	1066.19	2232.68	2/2	2020.77	4/1	2232.68	2/2/94	986.10	14/1/86
21 Building & Construction(31)	1311.68	-1.2	1327.85	1333.38	1344.21	1072.60	2.84	3.83	31.85	12.27	1014.46	1569.10	8/2	1304.15	30/3	2125.60	16/7/87	538.30	9/9/92
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(31)	3087.26	-0.1	3091.67	3083.46	3082.92	2641.40	2.83	5.08	23.70	31.80	1056.70	3319.33	2/2	2957.86	31/3	3319.33	2/2/94	886.59	21/1/86
42 Leisure & Hotels(23)	2255.27	+0.1	2252.09	2268.88	2262.70	1714.90	3.17	4.16	28.10	18.93	1097.10	2360.82	17/2	2101.82	4/1	2360.82	17/2/94	975.40	21/1/86
43 Media(38)	3162.10	+0.3	3152.52	3140.29	3141.30	2244.80	2.04	4.59	25.85	33.89	1090.03	3349.11	17/2	2964.63	4/1	3349.11	17/2/94	976.20	9/1/86
44 Retailers, Food(17)	1586.29	-0.8	1575.10	1572.20	1537.71	1933.50	4.01	10.19	12.18	12.03	917.17	1914.20	19/1	1511.94	25/4	2238.20	28/1/93	917.40	21/1/86
45 Retailers, General(44)	1760.24	-0.1	1761.40	1766.44	1752.53	1502.20	2.65	5.57	22.45	5.46	921.73	1910.67	4/1	1705.14	24/3	1934.24	29/12/93	870.10	9/12/88
48 Support Services(40)	1680.28	+0.1	1679.10	1669.99	1654.59	1511.30	2.33	6.87	16.60	9.38	1008.33	1866.43	2/2	1622.81	8/4	1866.43	2/2/94	939.00	1/2/91
49 Transport(16)	2583.43	-0.4	2542.55	2528.38	2516.40	1993.40	3.33	3.95	28.90	15.14	977.38	2805.98	3/2	2581.20	8/4	2805.98	3/2/94	000.00	14/1/88
51 Other Services & Business(10)	1189.73	+0.3	1185.98	1172.83	1152.61	1224.40	4.50	2.27	80.00†	5.91	1008.83	1389.58	10/2	1138.62	21/4	2438.30	16/7/87	983.10	14/1/86
60 UTILITIES(36)	2221.75	-0.9	2241.78	2285.79	2279.36	2065.70	4.50	7.85	15.73	5.60	830.93	2762.33	2/2	2221.75	29/4	2762.33	2/2/94	802.50	3/10/86
62 Electricity(17)	2105.33	-1.3	2132.30	2154.59	2137.20	1686.50	3.93	11.79	10.45	15.85	850.31	2619.12	2/2	2105.33	29/4	2619.12	2/2/94	995.30	7/1/91
64 Gas Distribution(2)	1912.06	+2.1	1872.81	1909.25	1985.25	2014.30	6.27	‡	‡	0.00	844.80	2369.77	7/1	1872.81	28/4	2379.30	15/12/93	994.90	9/12/86
66 Telecommunications(4)	1971.43	-1.3	1996.79	2029.25	2024.35	1873.10	4.00	8.14	19.90	0.00	019.93	2458.42	2/2	1971.43	29/4	2461.20	29/12/93	802.50	3/10/86
68 Water(13)	1682.75	-2.0	1717.30	1747.63	1740.06	1715.80	5.49	15.10	7.79	3.48	809.64	2126.79	3/2	1682.78	29/4	2126.79	3/2/94	924.70	1/5/90
69 NON-FINANCIALS(637)	1714.92	-0.1	1716.64	1723.29	1711.26	1517.43	3.65	5.91	20.57	15.49	1190.47	1870.38	2/2	1687.92	31/3	1870.38	2/2/94	63.49	13/12/74
70 FINANCIALS(103)	2183.97	-0.6	2198.13	2213.73	2201.33	1891.80	4.10	7.35	18.12	38.57	853.29	2737.13	4/2	2183.97	29/4	2737.13	4/2/94	972.20	23/1/86
71 Banks(10)	2738.26	-0.8	2759.56	2788.15	2784.73	2327.90	3.93	7.24	16.37	55.86	809.80	3601.56	4/2	2738.26	29/4	3601.56	4/2/94	958.60	23/1/86
73 Insurance(16)	1298.87	-1.0	1312.23	1320.28	1319.87	1301.80	4.92	10.78	10.43	27.84	877.70	1593.51	24/1	1298.87	29/4	1624.20	29/12/88	870.90	25/8/92
74 Life Assurance(6)	2407.49	-1.6	2447.23	2478.95	2488.40	2498.00	5.16	7.57	16.29	66.38	913.95	2921.37	19/1	2407.49	29/4	2921.37	19/1/94	987.70	23/1/86
75 Merchant Banks(6)	2969.24	+0.5	2955.31	2985.55	2892.01	2400.90	3.27	8.71	13.78	23.26	878.33	3761.29	2/2	2825.64	21/4	3761.28	2/2/94	982.80	27/1/86
77 Other Financial(24)	1892.45	-0.3	1899.01	1886.59	1890.97	1429.00	3.50	6.59	18.23	19.65	994.09	2279.35	4/2	1886.59	27/4	2279.35	4/2/94	856.30	1/10/90
79 Property(39)	1648.32	+0.5	1640.11	1631.44	1631.09	1191.80	3.71	3.79	33.51	8.21	923.93	1888.86	4/2	1558.71	31/3	2132.40	5/9/89	718.40	16/9/92
80 INVESTMENT TRUSTS(122)	2848.37	-0.4	2857.83	2858.84	2853.58	2234.00	2.15	1.70	58.48	19.84	947.57	3184.31	2/2	2781.52	31/3	3184.31	2/2/94	977.20	14/1/86
89 FT-SE-A ALL-SHARE(858)	1580.44	-0.2	1583.51	1590.23	1579.75	1388.88	3.67	5.99	20.16	17.11	1222.34	1764.11	2/2	1581.97	31/3	1764.11	2/2/94	61.92	13/12/74

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3118.1	3120.3	3129.4	3127.4	3118.3	3117.9	3107.7	3107.3	3124.5	3130.0	3105.6
FT-SE Mid 250	3788.0	3790.0	3792.9	3792.4	3786.4	3786.4	3779.7	3775.2	3780.8	3793.3	3774.9
FT-SE-A 350	1586.3	1587.3	1591.1	1590.2	1586.1	1586.0	1581.3	1580.7	1587.9	1591.3	1580.2

Time of FT-SE 100 High: 10.07am Low: 2.49pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1268.3	1267.8	1267.5	1267.5	1264.3	1260.8	1251.9	1248.0	1247.4	1247.4	1270.0	-22.6
Pharmaceuticals	2687.4	2696.0	2697.2	2698.4	2680.9	2691.8	2684.6	2702.4	2727.0	2730.6	2683.8	+47.0
Water	1692.6	1694.0	1695.4	1693.9	1671.4	1673.8	1666.3	1664.6	1677.3	1678.1	1713.0	-34.9
Banks	2770.0	2776.0	2782.0	2787.4	2775.8	2773.9	2764.3	2758.7	2770.9	2771.9	2793.6	-21.7

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
FT-SE Total Return Indices	31/12/92	1000.00	FT-SE Mid 250 ex Inv Trusts	31/12/85	1412.60	Water	29/12/89	1000.00	UK Gilts Indices	31/12/75	100.00
FT-SE SmallCap	31/12/92	1363.79	FT-SE-A 350	31/12/85	682.94	Non-Financials	10/4/62	100.00	Index-Linked	30/4/82	100.00
FT-SE SmallCap ex Inv Trs	31/12/92	1363.79	FT-SE 100	31/12/83	1000.00	FT-SE-A All-Share	10/4/62	100.00	Debs and Loans	31/12/77	100.00
FT-SE Mid 250	31/12/85	1412.60	Electricity	31/12/90	1000.00	All Other	31/12/85	1000.00			

The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 Indices are compiled by the London Stock Exchange and the FT-SE Actuaries All-Share Index and the FT-SE SmallCap Index are compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. © The Financial Times Limited 1994. All rights reserved. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. Auditor: The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.

LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF [illegible]
and
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE is hereby given that a Petition was on the 11th April 1994 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the share premium account of the above named Company [illegible] ... Dated 22nd day of April 1994 ... London W1X 5PL ... Solicitors for the Petitioner

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (▲) - 1401 to 1700 hours; (#) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Waverley Unit Tst Mngmt Ltd (1000)F						
13 Charlotte Sq, Edinburgh 031-225 1551						
Australasian Gold	6	30.13	30.13	32.05	+0.15	-
Pacific Basin	6	40.9	40.9	43.51	+0.23	0.6
Can Balncd Gwth	6	31.98	31.98	34	-0.25	-
Global Bond	4	[illegible]	[illegible]	[illegible]	[illegible]	6.05
Penny Share	6	29.69	29.69	31.9	-0.01	1.5
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	7¼	94.13	94.13	98.31	-1.85	0.00
Short Dtd Gilt	1¼	109.0	109.0	110.4	-0.70	0.00
U.S. Govmnt Bond	1¼	0.7260	0.7251	0.7363		7.27
Gilt Income	4	50.71	50.71	52.77	-0.59	7.06
Gilt Growth	4	69.07	69.67	72.61	-1.28	0.00
City Reserve	0	52.37	52.37	52.37	+0.02	4.30
Woolwich Unit Trust Managers Ltd (1700)H						
2 White Oak Square, Swanley BR8 7AG 081-298 4000						
Stockmarket Fd	5	79.79	79.80	84.85	-0.84	1.75

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	+ or -	Yield Gross
Baillie Gifford & Co Ltd				
Int'l Exempt Acc 28	771.6	787.0	-6.3	0.98
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071-214 1000 (general enquiries) 071-214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	58.44	61.51	+0.74	3.1
Income Plus	58.77	61.85	+0.41	6.1

INSURANCES

	Bid Price	Offer Price	+ or -	Yield Gross
Abbey National Life Plc				
297 St Vincent Street, Glasgow 041 308 6000				
Managed	114.0	120.0	-0.8	-
UK Equity	114.3	120.4	-0.5	-
International	119.3	125.6	-0.7	-
Deposit	100.6	105.9		-
Pension Managed	115.3	121.4	-0.9	-
Pension UK Equity	114.7	120.8	-0.6	-
Pension International	123.5	130.1	-1.2	-
Pension Deposit	102.6	108.1		-
Acuma Life Assurance Ltd				
The Glanty, Egham, Surrey TW20 9AH 0784 475333				
Fixed Interest	187.73	197.61	-1.55	-
Index Linked Stks	180.82	190.50	-1.37	-
UK Eq/UK Eq Inc	319.06	334.82	-1.88	-
Smll Cos/UK Eq Gwth	242.18	254.90	-1.40	-
Nth American	158.00	166.31	-1.18	-
Far Eastern	470.15	494.89	-2.71	-
European	216.67	228.07	-0.58	-
Managed	257.98	271.52	-1.32	-
World Growth	216.13	227.50	-0.98	-
Money	162.74	171.30	+0.03	-
Pen Fixed Interest	237.92	250.44	-2.07	-
Pen Index Lnkd Stks	203.56	214.30	-1.47	-
Pen UK Eq/UK Eq Inc	491.28	517.13	-0.88	-
Pen Smll Cos/UK Eq Gwth	324.44	341.51	-2.54	-
Pen Nth American	155.24	163.41	-1.40	-
Pen Far Eastern	734.05	777.32	-1.35	-
Pen European	218.35	229.85	-0.82	-
Pen Managed	290.48	305.82	-2.06	-
Pen World Growth	236.85	249.31	-1.19	-
Pen Money	203.76	214.49	+0.03	-
AEGON Life Assurance Co (UK) Ltd				
AEGON Hse, Lanark Sq, London E14 9QS 071-538 6500				
Life Series 2				
Aggressive Pfolio Fund	164.1	172.7	-1.1	0.8
Balanced Pfolio Fund	440.3	476.8	-2.9	0

FT MANAGED FUNDS SERVICE

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Scottish Equitable plc

Sun Alliance Group – Contd.

Albany International Assurance Ltd

Royal Skandia Life Assurance Ltd

MANAGEMENT SERVICES

OFFSHORE INSURANCES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

FT MANAGED FUNDS SERVICE

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LUXEMBOURG (SIB RECOGNISED)

[illegible]

LUXEMBOURG (REGULATED)(**)

[illegible]

SWITZERLAND (SIB RECOGNISED)

[illegible]

OTHER OFFSHORE FUNDS

[illegible]

MANAGED FUNDS NOTES

[illegible]

WORLD STOCK MARKETS

NORTH AMERICA

UNITED STATES (Apr 29 / US$) (3 pm)

EUROPE

AUSTRIA (Apr 29 / Sch)

BELGIUM/LUXEMBOURG (Apr 29 / Frs.)

DENMARK (Apr 29 / Kr)

FINLAND (Apr 29 / Mkk)

FRANCE (Apr 29 / Frs.)

GERMANY (Apr 29 / Dm.)

ITALY (Apr 29 / Lire)

NETHERLANDS (Apr 29 / Fls.)

NORWAY (Apr 29 / Kroner)

SPAIN (Apr 29 / Pts.)

SWEDEN (Apr 29 / Kronor)

SWITZERLAND (Apr 29 / Frs.)

CANADA (Apr 29 / Can. $) (3 pm)

AFRICA

SOUTH AFRICA (Apr 29 / Rand)

PACIFIC

JAPAN (Apr 28 / Yen)

AUSTRALIA (Apr 29 / Aus$)

HONG KONG (Apr 29 / H.K.$)

MALAYSIA (Apr 29 / MYR)

SINGAPORE (Apr 29 / S$)

INDICES

	Apr 29	Apr 28	Apr 27	1994 High		1994 Low	
Argentina							
General (29/12/77)	(u)	19199.8	19364.38	25470.40	16/2	17756.90	20/4
Australia							
All Ordinaries(1/1/80)	2066.1	2069.1	2059.7	2340.60	3/2	2029.60	21/4
All Mining(1/1/80)	961.0	961.2	958.9	1136.10	3/2	937.70	21/4
Austria							
Credit Aktien(30/12/84)	422.83	423.57	418.89	469.86	2/2	413.73	25/4
Traded Index(2/1/91)	1092.31	1085.72	1084.73	1222.25	1/2	1067.82	25/4
Belgium							
BEL20 (1/1/91)	1522.00	1523.54	1514.81	1542.85	9/2	1462.76	30/3
Brazil							
Bovespa (29/12/83)	(u)	16727.0	16052.0	16727.00	28/4	3800.80	3/1
Canada							
Metals Minls♦(1975)	(u)	3482.25	3505.81	3679.59	18/3	3298.06	20/4
Composite♦ (1975)	(u)	4270.78	4287.77	4609.60	23/3	4105.90	20/4
Portfolio§§ (4/1/83)	(u)	1990.02	1997.28	2182.89	1/2	1913.37	19/4
Chile							
IPGA Gen (31/12/80)	(u)	4242.8	4286.1	4687.80	4/2	3801.20	4/4
Denmark							
CopenhagenSE(3/1/83)	(c)	387.52	384.33	415.79	2/2	370.74	3/1
Finland							
HEX General(28/12/90)	1843.2	1850.8	1842.1	1972.00	4/2	1801.20	3/1
France							
SBF 250 (31/12/90)	1445.40	1440.33	1438.35	1586.20	2/2	1402.88	21/4
CAC 40(31/12/87)	2165.96	2150.25	2147.32	2368.93	2/2	2061.94	31/3
Germany							
FAZ Aktien(31/12/58)	849.56	853.60	853.10	866.87	4/1	776.32	2/3
Commerzbank(1/12/53)	2438.00	2451.60	2449.50	2460.00	4/1	2221.25	2/3
DAX (30/12/87)‡	2245.96	2251.22	2253.57	2287.98	3/1	2020.33	2/3
Greece							
Athens SE(31/12/80)	(c)	988.71	980.47	1194.58	18/1	954.39	12/4
Hong Kong							
Hang Seng(31/7/64)	8956.07	9163.09	9113.25	12201.09	4/1	8687.03	21/3
India							
BSE Sens.(1979)	3746.1	3740.4	3753.0	4287.90	28/2	3464.00	8/1
Indonesia							
Jakarta Comp.(10/8/82)	462.40	465.28	461.70	612.89	5/1	454.32	26/4
Ireland							
ISEQ Overall(4/1/88)	1852.98	1855.07	1852.39	2082.16	20/1	1801.06	5/4
Italy							
Banca Comm Ital (1972)	799.47	808.26	813.63	813.63	27/4	588.85	10/1
MIB General (4/1/94)	1289.0	1303.0	1312.0	1312.00	27/4	944.00	18/1
Japan							
Nikkei 225 (16/5/49)	(c)	19725.25	19739.15	20677.77	18/3	17369.74	4/1
Nikkei 300 (1/10/82)	(c)	293.10	292.70	304.28	1/3	269.22	4/1
Topix (4/1/68)	(c)	1603.33	1601.51	1663.27	18/3	1446.97	4/1
2nd Section (4/1/68)	(c)	2277.39	2272.29	2280.82	22/4	1873.35	4/1
Malaysia							
KLSE Comp.(4/4/86)	1054.50	1055.34	1053.35	1314.46	5/1	928.39	4/4
Mexico							
IPC (Nov 1978)	(u)	2321.23	2332.78	2881.17	8/2	1957.39	20/4
Netherland							
CBS TtlRtnGen(End 83)	434.1	438.0	439.9	454.80	31/1	417.40	5/4
CBS All Shr (End 83)	280.5	283.1	284.4	294.80	31/1	268.00	31/3
New Zealand							
Cap. 40 (1/7/86)	2110.20	2127.80	2141.35	2439.84	3/2	2048.77	6/4
Norway							
Oslo SE(Ind)(2/1/83)	1104.91	1115.63	1117.12	1211.10	28/2	1072.87	3/1
Philippines							
Manila Comp (2/1/85)	2844.22	2854.46	2840.96	3306.37	4/1	2597.39	8/3
Portugal							
BTA (1977)	3093.6	2100.0	3085.4	3228.80	18/2	2619.90	3/1
Singapore							
SES All-S'pore(2/4/75)	574.12	578.80	573.74	641.81	4/1	523.29	4/4
South Africa							
JSE Gold (28/9/78)	2000.0♥	(c)	(c)	2331.80	4/1	1749.08	14/2
JSE Indl. (28/9/78)	6411.0♥	(c)	(c)	6411.60	29/4	5446.00	19/1
South Korea							
KoreaCmpEx(4/1/80)**	900.14	908.39	897.43	974.28	2/2	856.37	2/4
Spain							
Madrid SE (30/12/85)	325.22	323.58	325.38	358.31	31/1	308.73	20/4
Sweden							
AffarsvarldnGen (1/2/37)	1483.40	1477.50	1483.60	1683.98	31/1	1403.86	31/3
Switzerland							
Swiss Bk Ind (31/12/58)	1304.16	1318.26	1328.94	1423.34	31/1	1280.64	2/3
SBC General (1/4/87)	967.72	979.91	984.26	1083.29	31/1	967.72	29/4
Taiwan							
WeightedPr.(30/6/66)**	5729.12	5687.86	5682.98	6454.82	6/1	5194.83	19/3
Thailand							
Bangkok SET (30/4/75)	1288.67	1271.14	1274.71	1753.73	4/1	1196.59	4/4
Turkey							
Istanbul Comp.(Jan 1986)	15096.6	15826.3	15977.4	20683.80	13/1	12980.70	24/3
WORLD							
MS Capital Int (1/1/70)$	617.5*	615.0	615.0	641.00	1/2	591.60	4/4
CROSS-BORDER							
Eurotrack 100(26/10/90)	1462.82	1468.95	1471.03	1549.19	31/1	1393.80	2/3
Euro Top-100 (26/6/90)	1263.23	1263.21	1269.35	1311.07	2/2	1202.49	2/3
JCapsDrgns (31/12/88)	(u)	314.24	312.11	366.19	5/1	298.28	21/3
Barings Emerg.(7/1/92)	(u)	153.65	151.65	182.72	14/2	141.65	21/4

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open Int.
Apr	2145.0	2157.4	+8.4	2165.0	2140.5	21,090	11,014
May	2141.5	2173.0	+23.5	2173.0	2139.0	29,243	16,679
Jun	2125.0	2157.0	+24.0	2155.0	2119.0	2,543	29,263

Open interest figures for previous day.

** Sat Apr 23: Taiwan Weighted Price 5617.33, Korea Comp Ex 882.75. Base values of all indices are 100 except: Australia All Ordinary and Mining – 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall: Toronto Comp./Metals & Minerals and DAX – all 1,000; JSE Gold – 255.7; JSE 20 Industrials – 264.3; NYSE All Common – 50 and Standard and Poor's – 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Apr 29 – 2252.51 +14.69

US INDICES

Dow Jones	Apr 28	Apr 26	Apr 25	1994 High	1994 Low	Since compilation High	Since compilation Low
Industrials	3668.31	3699.54	3699.54	3978.36 (31/1)	3593.35 (4/4)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	98.58	98.83	98.83	105.61 (21/1)	98.27 (21/4)	105.77 (18/10/93)	54.99 (1/10/81)
Transport	1635.63	1624.81	1624.81	1862.29 (2/2)	1546.02 (20/4)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	197.54	198.69	198.69	227.06 (3/1)	192.99 (4/4)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's High 3725.95 (3732.15) Low 3640.35 (3669.76) (Theoretical♦)
Day's high 3704.89 (3710.25) Low 3657.80 (3685.98) (Actual♦)

Standard and Poors	Apr 28	Apr 26	Apr 25	1994 High	1994 Low	Since compilation High	Since compilation Low
Composite ‡	449.10	451.87	451.87	482.00 (2/2)	438.92 (4/4)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	523.22	525.44	525.44	568.59 (2/2)	510.05 (21/4)	568.59 (2/2/94)	3.62 (21/6/32)
Financial	43.09	43.53	43.53	46.06 (31/1)	41.39 (4/4)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	249.13	250.41	250.41	267.71 (2/2)	243.14 (4/4)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	438.82	438.20	438.20	487.88 (3/2)	427.60 (20/4)	487.88 (3/2/94)	29.31 (9/12/72)
NASDAQ Cmp	731.59	734.21	734.21	803.93 (18/3)	705.51 (20/4)	803.93 (18/3/94)	54.87 (31/10/72)

■ RATIOS

	Apr 22	Apr 15	Apr 8	Year ago
Dow Jones Ind. Div. Yield	2.79	2.77	2.79	3.01
	Apr 27	Apr 20	Apr 13	Year ago
S & P Ind. Div. yield	2.46	2.55	2.51	2.57
S & P Ind. P/E ratio	23.94	23.24	23.57	29.46

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Jun	449.00	448.80	-0.25	449.30	447.00	69,214	167,617
Sep	450.00	451.10	-2.10	451.20	449.10	604	9,248
Dec	452.20	454.00	-1.06	454.00	452.00	144	5,758

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Tele Danm	T4,097,900	25⅝	—
RJR Nabisco	7,657,100	6⅛	-⅛
Telefonos	5,324,000	59⅛	+⅜
Gen Motors	4,913,600	56⅝	—
Merck	3,868,100	30⅜	-⅜
Airtouch	3,125,600	24¼	+⅜
Motorola	2,973,700	44⅝	-1⅝
Chrysler	2,561,100	49⅜	-⅛
Wal-Mart	2,390,300	25¼	+⅜
Philip Morris	2,288,400	53⅝	-⅛

■ TRADING ACTIVITY

● Volume (million)

	Apr 28	Apr 26	Apr 25
New York SE	323,144	287,981	262,241
Amex	20,138	16,164	11,625
NASDAQ	306,681	285,543	238,293
NYSE			
Issues Traded	2,810	2,785	2,778
Rises	913	1,258	1,535
Falls	1,267	918	651
Unchanged	630	609	592
New Highs	31	36	24
New Lows	68	62	62

‡ Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Dow ignores bond market weakness

Wall Street

US stocks moved ahead yesterday morning as investors ignored further weakness in the bond market and focused on a fresh batch of economic news, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 11.30 higher at 3,679.61 while the more broadly based Standard & Poor's 500 was up 1.89 at 451.99 in brisk activity.

In the secondary markets, the American SE composite was unchanged at 438.92 while the Nasdaq composite made scant progress, up 0.53 at 733.22.

Cyclical stocks, which led the Dow industrials in retreat during tha previous session, enjoyed a modest rebound yesterday.

The session brought plenty of evidence to indicate that the economy remained on a sound footing, allowing the market to quell the uneasiness triggered by Thursday's data on growth in the first quarter.

The Commerce Department said that personal income in March increased 0.6 per cent, while personal spending was up 0.4 per cent. Both figures matched expectations.

The data's suggestion of improving confidence was reinforced by the University of Michigan'a index of consumer sentiment, which climbed to 92.6, from March'a reading of 91.5.

Bonds, meanwhile, continued to slide, with tha day's data doing nothing to shore up the market.

To add to its woes, the dollar was down sharply against other currencies, making the US-denominated securities less attractive to overseas buyers.

Near midday, however, the Federal Reserve Bank of New York directly intervened in the foreign exchange markets and effectively propped np the value of the US currency. Bonds, in turn, improved somewhat, showing a modest decline as the afternoon began.

The partial turnround provided extra snpport for the modest upturn in stocks, but the market could do little more than hold steady. None of the Dow industrials were showing snbstantial gains, or losses, going into tha final hours of trading.

Caterpillar was $¾ ahead at $109⅞. Sears added $⅜ to $47⅝, International Paper put oo $⅜ to $65 and McDonald'a edged $¼ higher to $60.

The flood of corporate earnings buffeting stocks this week slowed to a trickle yesterday. Ford jumped $1⅛ to $58⅝. Investors were encouraged by its earnings of $1.66 a share, against $1.02 a year earber.

Elsewbere in the industry, General Motors inched $⅛ ahead to $56⅞ and Chrysler dipped $⅜ to $48⅝/

Scientific-Atlanta also benefited from a strong first quartar. The cable-television supplier gained $2⅞ to $32 after posting net income of 31 cents a share, up from 18 cents in the 1993 quarter.

Blockhustar Entertainment gained $1⅛ to $26⅞ amid speculation that Disney or one of the regional US telephone companies would bid against Viacom to take over the company. Disney was up $⅛ at $42⅞.

Canada

Toronto was mixed at midday as gains in communications, pipelines and precious metals were offset by losses in energy and banking issues.

The TSE 300 composite index was 3.2 higher at 4,274.00 in volume of 30.99m shares. Declines led advances 305 to 255 with 292 issues unchanged.

Sbaw Communications B rose C$⅜ to C$25¼ in light volume after announcing plans to buy CUC Broadcasting for C$635m.

Rogers Communications class B was unchanged at C$20¼ after after it announced plans to sell four radio stations.

Brazil

Equities in São Paulo were up 1.9 per cent at mid-morning in thin trading. The Bovespa index had risen 310 to 17,057 in turnover of Crz64bo ($49m).

The Bovespa index has dropped by 10.2 per cent so far this month.

Telebras was up 2.2 per cent at Crz36.8 by mid-morning.

Cinderellas of Europe nudged into limelight

Michael Morgan on prospects for electrical utilities

Europe's electricity utilities, for years the public sector Cinderellas of the industrial sector, have found tbemselves nudged into the limelight since the mid-1980s by a succession of generously priced privatisations.

Last year they held centre staga as investors, initially attracted by their potential for solid earnings growth during an economic downtnrn, saw their share prices outperform in rising equity markets.

Kleinwort Benson calculates that, during 1993, power utilities across Europe rewarded investors with an average total return of 72 per cent, their best performance over the last four years. They also outperformed their domestic markets by an average of 19 per cent.

The year's star performer was Motor-Colombus in Switzerland, whose share price rocketed by 219 per cent as the company pulled back from moves to diversify its business begun in 1990, and underwent a restructuring to refocus oo electricity.

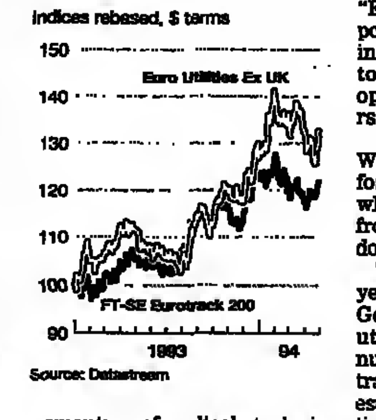
While many observers expect the sector to continue its outperformance this year, as interest rates continue to decline, results are unlikely to those of 1993.

Mr Adam Dickens at James Capel says that the broker's own utilities sector index, 60 per cent of which is made by electrical utilities, has outperformed the JC European index by 1.5 per cent since the start of the year, helped by evidence that the cyclical sides of the diversified utilities are starting to show significant recovery.

Mr John Willis at Kleinwort Benson, who sees little in the way of regulatory action from the European Commission to disturb the companies' progress this year, expects the sector to report average earnings growth of 20 per cent in 1994. Financial charges will fall, he says, although determining the exact bottom line impact is complicated by the companies' debt structure.

"The core ntility business will benefit from lower interest rates as industrial production begins to rise. This leads to higher energy sales volumes. In addition, those utilities with cyclical businesses should also benefit from an improving economic picture," he says.

Miss Isabelle Hayen at Lebman Brothers does not expect to see the same momentum in share price movements during 1994 because the magnitude of bond yield reductions is likely to be much less than in 1993. She also says that the earnings momentum of cyclical stocks is expected to accelerate in the current year, making it difficult for the utilities to remain so relatively attractive.



Source: Datastream

Nevertheless, Miss Hayen sees structural changes afoot in the European electricity industry which, she says, will shape the future environment in which the supply companies operate.

Since the latter part of the 1980s, she says, there has beeo a growing movement to introduce more competition, which continues to gain momentum. Competitive pressures are also growing as result of the concerted efforts of the European Commision and from consumers who are becoming more vocal abont tbe need to be placed competitively in the global markets, including access to cheap energy.

She notes that the industry, itself, is also becoming more competitive. Utilities in mature and more competitive markets are finding it harder to increase their earnings and are therefore looking to diversify internationally. In addition, the trend is also inflnenced through the increasing willingness of other countries to open up their electricity markets to foreign investors.

Finally, Miss Hayen says, privatisation oot only increases the relative importance of the electrical supply industry in market capitalisation terms, but it also offers investors an opportunity to invest in large companies which can be viewed as proxies for their domestic markets. "Even more appealing is the poteotial opportunity to invest in companies which may stand to benefit enormously from operatiooal and financial rstionalisation."

On a pan-European view, Mr Willis expects further outperformance from Austria's EVN, which, he says, is likely to gain from any liberalisation in the domestic electricity market.

This could be an unsettling year for RWE, Veba and Viag, Germany's big three power utilities, he says, as the nuclear debate rolls on, frustrating the companies' plans to establish a long term generation plan. The companies face an inquiry by the Federal Cartel Office into the validity of the present concession arrangements while at the sama time, the three have embarked on a massive capital expenditure programme in eastern Germany, estimated by the Association of Germany Electricity Producers to total DM60bn between 1993 and 1997.

In Italy, tha new government will hava to decide whether to go ahead with the privatisation of Enel later in the year, while the Spanish electricity industry, which will see a further 10 per cent of Endesa privatised this year, should benefit from higher demand, interest rate cuts, a more stable peseta, and a tariff increase.

Mr Willis sees the UK electricity sector continuing to be supported by the twin pressures of low interest rates and lack of dividend growth in the market generally. He forecasts dividend growth for the generating companies to average 15 to 17 per cent, with 14 to 15 per cent for the distribution companies.

EUROPE

Bourse sentiment mixed after positive April

Sentiment was mixed as bourses came to the end of a positive month, *writes Our Markets Staff.*

FRANKFURT came ont of April with a 5.3 per cent gain. Mr Eckhard Frahm, of Merck Finck in Düsseldorf, said that April has been the year of the cyclicals, with BMW, Volkswagen, Hoechst, MAN and Mannesmann taking five of the top places among Dax constituents during tha first four months. He added that the profile of engineers like MAN and Mannesmann had been raised by the Hanover Fair in the latter part of the month.

The worst Dax performers this year, Metallgesellschaft, Dresdner Bank and RWE, all had scare stories attached to them: oil contract losses in the first; the Schneider property debacle; and worries about the last's nuclear power plant.

On the session, the Dax was 4.24 at 2,245.98, up 1.4 per cent on the week; in the post-bourse, it rose to 2,252.51. Turnover fell from DM9.2bn to DM7.1bn.

PARIS turned higher and the CAC-40 index finished up 15.71 at 2,165.96, a week's improvement of 1.4 per cent.

Clnb Méditerranée, the leisure group, showed one of the steepest declines on the session, the shares dipping FFr31.20 or 7 per cent to FFr414.00 after a disappointing shareholders meeting.

In contrast, CarnaudMetalbox rose FFr8.70 to FFr183 after reporting that first quarter sales had grown by nearly 5 per cent.

AMSTERDAM drifted lower again, the AEX index losing 2.75 to 413.06 on the day, and 1.4 per cent on the week.

The market was in a holding phase ahead of next Tuesday's general election. While it was likely that there might be significant changes in the composition of the parliament, Hoare Govett commented that in the medium term the elections would prove to be a non-event for the Dutch financial markets since, whoever led the next government, there was unlikely to be a radical change in economic policy.

Unilever eased Fl 3.90 to Fl 207.10 in response to news that it had initiated legal action against Procter & Gamble after the latter had alleged that one of its new washing powders rotted clothing.

FT-SE Actuaries Share Indices

THE EUROPEAN SERIES

Apr 29 Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1462.29	1460.07	1460.53	1461.38	1464.31	1463.70	1461.22	1462.82
FT-SE Eurotrack 200	1478.27	1477.62	1476.92	1476.30	1477.22	1474.45	1475.05	1478.09

	Apr 28	Apr 27	Apr 26	Apr 25	Apr 22
FT-SE Eurotrack 100	1468.96	1471.03	1464.12	1449.13	1458.24
FT-SE Eurotrack 200	1434.35	1490.74	1480.61	1467.22	1476.62

Base 1000 (26/10/90); High/day: 100 - 1465.53; 200 - 1480.15 Low/day: 100 - 1459.73 200 - 1471.77

MILAN took more profits after the post election advance, the Comit index edging 8.79 lower to 799.47, still 2.8 per cent higher on the week.

Olivetti fell L26 to L2,972, as it announced higher orders and sales this year. Cir, the industrial holding company which has been finding favour with foreign investors, gave up L65 to L2,797.

Insurers, hoping for higher premiums and the introduction of private pensions under the new government, featured a L761 or 5.2 per cent advance to L15,280 by Fondiaria, which has recently lagged behind the sector.

ZURICH extended its losses, weighed by US bonds and futures related selling which hit heavily welghted index stocks most. The blue chip SMI index fell 32.6 to 2,736.3, convincingly below the 2,780 support level, while the broadly based SPI index lost 18.87 at 1,781.13. The SMI index fell 1.8 per cent on the week.

UBS fell SFr10 to SFr1,176, on a first quarter in line with expectations. CS Holding which raised its 1993 dividend to SFr18 from SFr15, held its loss to SFr2 at SFr604.

MADRID followed Wall Street with the general index up 1.64 to 325.22 for a 2 per cent gain on the week; but the oil refiner, Cepsa, put up a 11.1 per cent rise on the day, Pta300 higher at Pta3,000 after a huge rise in first quarter profits.

In banks, Banesto stayed hopeful with a further rise of Pta50 to Pta1,125 up 44 per cent on a momentous week.

STOCKHOLM was lifted to a higher close by Astra, SKr9 better at SKr158 after Thursday's weakness, on worries about possible side-effects from its Losec anti-ulcer drug, brought out positive comments from analysts. The Affärsvärlden general index closed 5.90 higher at 1,483.40, 1.5 per cent up on the week.

ISTANBUL staged an intraday recovery, but still closed 4.6 per cent lower after the authorities banned eight brokerage houses from trading. The composite index closed 729.64 lower at 15,096.68 after 14,715.49, down 18.3 per cent on the week.

Written and edited by William Cochrane, John Pitt and Michael Morgan

SOUTH AFRICA

Johannesburg was firmer but ended the day off earlier highs on late profit-taking. Traders said that a stronger bullion price had encouraged investors. The overall index added 118 to 5,358, industrials 154 to 6,411 and golds firmed 94 to 2,000. SAB rose R3.50 to R97.50, Anglos R3 to R235 and Vaal Reefs R21 to R416.

ASIA PACIFIC

Hong Kong off 2.5% as region corrects

The overnight decline in the US triggered a downward correction among most of the region's markets.

Tokyo was closed yesterday for the Golden Week holiday season. The market will re-open on Monday, but will then remain closed until Friday.

HONG KONG lost 2.15 per cent as the Hang Seng index slid below the 9,000 level on selling triggered by Wall Street's overnight drop and concerns over a possible domestic interest rste rise.

The Hang Seng fell 197.02 to 8,9..07, 2.1 per cent down on the week; turnover stayed thin at a preliminary HK$3.11bn, up from HK$3.02bn.

The Hong Kong Association of Banks met after the market closed and decided not to change interest rates, which have not risen after the US Fed funds rate quarter point rise on April 18.

Talk that a major south-east Asian institution had cut its weighting on Hong Kong and sold a basket of blue-chip counters led to further falls.

Properties and conglomerates led the declines, with Hong Kong down HK$1.25 at HK$38.50, SHK Properties HK$1.25 at HK$46.50, Hutchison HK$1.25 at HK$31.70 and Swire A HK$2 at HK$55.50.

AUSTRALIA fell only slightly in contrast to other markets in the region as many investors preferred to remain on the sidelines. The All Ordinaries index lost 3.0 to 2,066.1, up 1 per cent on the week.

Turnover was A$752.34m. News Corp went against the trend, advancing 25 cents to A$9.68 ahead of results due next week which are expected to show a 20 per cent rise in earnings.

The gold index rose 5.2 to 2,186.2, boosted by a 50 cent gain in Great Central Mines, closing at A$10.00, following a positive quarterly report which was released on Thursday.

Among the banks, ANZ dropped 7 cents to A$4.71, Commonwealth was down 9 cents at A$8.23 and Westpac slipped 2 cents to A$4.74.

SINGAPORE followed US stock and bond markets lower, but its fall was limited by interest in quality bank stocks and selected property issues – the latter after early falls as investors realised that a new government land sale scheme would have little impact on property values. The Straits Times Industrial index eased 8.45 to 2,296.19, up 1.4 per cent.

KUALA LUMPUR saw further volatility in Technology Resources Industries as the composite index eased 0.84 to 1,054.50, up 1.4 per cent on the week, after a low of 1,043.12.

TRI fell to a low of M$10.70 on a less buoyant than expected earnings forecast, before closing 20 cents up on the day at M$11.50.

SEOUL fell as institutional investors took profits. The composite index shed 9.25 to 900.14, having seen a session high of 923.15, for a week's rise of 1.7 per cent.

Turnover was Won1,100bn.

TAIWAN lost 2.7 per cent on profit-taking particularly in the pulp and textile sectors.

The waighted index shed 158.74 to 5,729.12, off 1.8 per cent on the week. The paper and pulp index dropped 5.5 per cent after the sector'a previous sharp gains on higher product prices.

NEW ZEALAND weakened in response to a rise in domestic interest rates, in voluma described as "very light".

The NZSE-40 capital index fell 17.6 to 2,110.2, up almost 1 per cent over the week.

BANGKOK's coalition government failed to win enough votes to pass constitutional amendments, and the SET index fell 4.47 to 1,266, for a week's loss of 2 per cent. Turnover was thin at Bt4.5bn.

BOMBAY improved slightly on hopes of a relaxation in the ban on forward trading which was imposed last month.

The BSE index rose 14.98 to 3,755.38, but turnover dipped to Rp200m from tha recent daily average of Rp1bn.

Brokers said that they expected the Securities and Exchange Board to announce a relaxation in the trading curbs on Monday.

COLOMBO recorded its sharpest-ever one day fall. Brokers blamed growing political and economic uncertainty as the CSE all-share index dropped 47.34, or 4.3 per cent to 1,050.85 with some blue chips sustaining donble digit declines.

Political uncertainty became a factor after a stunning opposition victory in a local government election on March 24 in which the ruling United National Party lost a key poll after 17 years.

ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
(69)	167.27	-0.2	164.53	107.73	145.20	156.31	0.5	3.51	167.69	165.02	108.81	145.82	156.57	189.15	130.15	140.84
(17)	177.67	0.9	174.75	114.42	154.22	154.09	0.8	1.01	176.04	173.23	114.22	153.06	152.92	195.41	139.63	142.02
(42)	172.48	0.6	169.65	111.08	149.71	146.21	0.4	3.74	171.42	168.69	111.23	149.06	145.59	172.48	141.92	150.21

LONDON EQUITIES

LIFFE EQUITY OPTIONS

RISES AND FALLS

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	15	48	10	130	187	51
Other Fixed Interest	1	3	11	13	29	33
Mineral Extraction	46	76	79	305	345	355
General Manufacturers	131	136	402	749	604	1,986
Consumer Goods	41	39	112	230	178	544
Services	88	102	328	542	431	1,611
Utilities	4	32	10	64	120	46
Financials	59	126	193	346	595	949
Investment Trusts	28	139	305	446	413	1,501
Others	25	72	29	203	288	186
Totals	436	773	1,479	3,036	3,170	7,272

Data based on those companies listed on the London Share Service.

TRADITIONAL OPTIONS

First Dealings	April 18	Last Declarations	July 28
Last Dealings	April 29	For settlement	Aug. 8

Calls: Airtours, Ashley Grp., Bula Res., Greenwich Res., Jos Hldgs., M & G Rec. Cap., Powerscreen. Puts: Airtours, Savoy A Puts & Calls: Greenwich Res., Premier Cons.

LONDON RECENT ISSUES: EQUITIES

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1994 High	1994 Low	Stock	Closing price p	+or-
105	Nil	27/5	85pm	18pm	LASMO	44½pm	-8½
425	Nil	27/5	67pm	54pm	Masys	67pm	+1
100	Nil	-	8pm	4pm	Mowlem	6½pm	
25	Nil	-	4pm	1¾pm	Pentos	1¾pm	
45	Nil	26/5	6¼pm	3pm	Shandwick	5½pm	
100	Nil	31/5	25pm	13pm	Simon Eng	26pm	
23	Nil	26/5	4pm	2pm	Try Group	4pm	
330	Nil	9/6	43pm	38pm	Williams Hldgs	38pm	

FT GOLD MINES INDEX

FINANCIAL TIMES EQUITY INDICES

	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Yr ago	*High	*Low
Ordinary Share	2506.8	2504.2	2509.8	2492.4	2477.9	2221.3	2713.6	2488.2
Ord. div. yield	3.97	3.97	3.97	3.98	4.02	4.15	4.05	3.43
Earn. yld. % full	5.40	5.41	5.39	5.44	5.47	6.25	5.51	3.82
P/E ratio net	19.87	19.85	19.89	19.72	19.60	19.86	33.43	19.46
P/E ratio nil	20.77	20.75	20.80	20.65	20.52	18.54	30.80	20.37

*For 1994. Ordinary Share Index since compilation: high 2713.6 2/02/94; low 49.4 26/6/40
FT Ordinary Share index base date 1/7/35.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2499.9	2500.9	2505.7	2504.8	2499.0	2498.7	2490.7	2492.3	2503.5	2507.5	2490.0

	Apr 29	Apr 28	Apr 27	Apr 26	Apr 25	Yr ago
SEAQ bargains	24,222	26,405	24,983	27,128	26,941	26,385
Equity turnover (£m)†	-	1771.8	1272.0	1557.2	1667.8	1140.3
Equity bargains†	-	31,454	29,365	30,594	30,494	30,798
Shares traded (ml)†	-	663.8	521.8	635.2	499.2	495.4

† Excluding intra-market business and overseas turnover.

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1994 high	1994 low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£22		£25	£21	6,484	5.1	♦
ANZ A$		221¼	-3½	278¾	220½	2,851	4.1	17.4
Abbey National		430xd	-9	523	432	5,720	4.8	14.7
Allied Irish I£		248xd	—	314	241	1,834	5.1	9.5
Anglo Irish I£		65	—	70	55	169.3	7.4	10.0
Asahi Y		705	-1½	788¾	629	16,383	0.7	-
Banco Bil Viz Pta		215		£18	£14	3,868	5.2	7.1
Banco Sant Pta		£31	—	£34	£29	3,513	4.8	♦
Bk Ireland I£		270	—	319	245	1,272	4.6	19.9
Bank Scotland		184½	-½	247	180	2,148	3.2	25.1
9¼pc Pf		119¾xd	-1	141½	119¾	119.8	9.7	-
9¾pc Pf		126xd	-1	148½	125½	128.0	9.7	-
Barclays		511xd	+1	640	487	8,298	3.7	21.2
Dai Ichi Kan Y		£12		£13	£10	38,426	0.4	68.1
Deutsche DM		£311	+2	£344¾	£297	14,822	1.9	-
Espirito Santo		£18		£26	£18	282.8	4.2	4.0
First Nat Fin		74	+2	90	66	122.6	2.3	-
6.3pc Cv Pf		80	—	90	77	8.58	4.8	-
7pc Cv Pf		147	+1	177	123	69.8	0.8	-
Fuji Bank Y		1495¾	-9½	1649¾	1152½	42,149	0.4	-
HSBC HK		728xd	-16	1135	724	12,749	4.6	♦
HSBC (75p Shs)		706xd	-22	1113	703	6,972	4.2	♦
Lloyds		566xd	+3	660	532	7,584	4.7	12.3
Mitsubishi Y		£17		£19	£15	60,020	0.6	-
Mitsu Tst & Bk Y		871½	-8¾	1034¾	667½	12,851	0.5	16.6
Mitsui Tst & Bk Y		721¼	+1¾	817¼	514	8,643	0.7	24.8
Nat Aust A$		588	-1½	620¼	537¾	7,486	4.2	13.6
NatWest		462xd	-3	622	438	7,618	6.1	10.3
Ottomand FFr		£26	—	£33	£27	140.0	5.2	6.7
Ryl Bk Scotland		402	+8	500	362½	3,203	3.4	16.2
Sakura Y		£9		£9	£6	28,728	0.8	56.0
Sanwa Y		£14		£15	£11	41,280	0.4	-
Standard Chartd		995xd	+1	1437	983	2,396	3.0	10.9
7 3/8pc Pf		94¾	-½	106½	92¾	94.8	9.7	-
Sumitomo Y		£13	—	£16	£11½	43,902	0.4	30.1
Sumitomo Tst Y		916¼	+1½	1009½	625	11,308	0.6	71.6
TSB		212½	+3	261	209½	3,251	4.5	14.8
Tokai Y		£8		£8	[illegible]	16,367	0.7	53.9
Toyo Tst & Bk Y		747¾	-3¾	784½	585¼	5,073	0.7	86.7

CHEMICALS

	Notes	Price	+ or -	1994 high	1994 low
AGA SKr		£34		£42	£32
Akzo Fl		£76		£80	£65
Allied Colloids		286	+4	288	[illegible]
Amber Ind		705	—	745	70
BASF DM		£131		£136½	£106
BOC		704	+16	745	62
BTP		330	-5	373	30
Bayer DM		£169	+1		£129
Brent		122xd	—	131	
British Vita		307xd	-2	369	24
Cambridge Iso 6		68	—	68	
Canning (W)		184xd	—	184	16
Cornerstone		88	—	100	
Warrants		43	—	48	
Courtaulds		279	+7	578	47
Croda		361xd	-1	384	327
Doeflex		120xd	—	133	10
Engelhard $		£17		£20	£16
European Colour		46½	—	49½	35
Gibbon Lyons		141	—	148	14
Hickson		216xd	-1	222	17
Hoechst DM		£144	+2	£146	£108
Holliday Chemical		223	—	223	153
ICI		822	-9	854	72
Inspec		210	-2	212	17
Kalon		161½xd	+1½	161½	149
Laporte		814xd	+1	843	72
MTM		74	—	74	4
Manders		360xd	—	405	33
McLeod Russel		110	—	127	10
Metrotect Inds		112	—	128	10
Perstorp SKr		£20	+1	£22	£22
Porvair		348	—	349	20
Scapa		243	—	278	230
Wardle Storeys		417xd	—	490	41
Wolstenholme		663xd	—	695	57
Yorkshire		445	+5	483	70
Yule Catto		336xd	-1	398	23

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

LEISURE & HOTELS - Cont.

[illegible]

LIFE ASSURANCE

[illegible]

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

OIL EXPLORATION & PRODUCTION

[illegible]

OIL, INTEGRATED

[illegible]

OTHER FINANCIAL

[illegible]

OTHER SERVICES & BUSINESSES

[illegible]

PHARMACEUTICALS

[illegible]

PRINTING, PAPER & PACKAGING

[illegible]

PROPERTY

[illegible]

PROPERTY - Cont.

[illegible]

RETAILERS, FOOD

[illegible]

RETAILERS, GENERAL

[illegible]

SPIRITS, WINES & CIDERS

[illegible]

SUPPORT SERVICES

[illegible]

TELECOMMUNICATIONS

[illegible]

TEXTILES & APPAREL

[illegible]

TOBACCO

[illegible]

TRANSPORT

[illegible]

TRANSPORT - Cont.

[illegible]

WATER

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

SOUTH AFRICANS

	Notes	Price	+ or -	1994 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£25½	—	£25½	21¾	1,628	2.9	18.0
Barlow		£5⅞	+⅛	£5⅞	£3¹¹⁄₁₆	1,806	6.4	9.3
Gold Flds Prop R		91	—	185	78	9.30	10.8	0.1
MK Props		98	—	95	67	3.62	9.9	37.0
SASOL	♥	358	-1	381	280	2,034	4.6	-
SA Brews		£13⁹⁄₁₆	+⅛	£15⅞	£16	7,524	2.0	23.0
Tiger Oats		744	+50	838	538	1,117	2.2	15.7
Tongaat-Hulett	†	580	+15	580	434	434.1	2.6	16.2

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by Extel Financial, a member of the *Financial Times* Group.

Company classifications are based on those used for the FT-SE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on *intra-day* mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ) and non-UK stocks through the SEAQ International System.
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ¥ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♦ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
¢ Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
c Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
p Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings

e Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1994
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.

N Figures based on IMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
7 Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1235 a year for each security shown, subject to the Editor's discretion

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FINANCIAL TIMES
Weekend April 30/May 1 1994

Lautro says insurer's failures had risks for likely customers

Norwich Union fined £300,000

By Alison Smith

Norwich Union, one of Britain's biggest insurers, yesterday became the second company in three days to receive a record £300,000 fine from Lautro, the life insurance industry watchdog.

The fine was imposed for breakdowns in management control relating particularly to the implementation of higher training and competence standards.

The regulator was also concerned about recruitment procedures and "fact finds" – the checking of information gathered by sales agents about customers. It said tha failures "had risks for potential customers".

A month ago, Norwich Union announced that it was suspending 800 sales agents – including its entire life and pensions direct sales force – so they could be retrained.

The insurer said yesterday that 53 per cent of the sales representatives taking the training programme had passed all three elements to the test and had returned to selling from Monday of this week. Those who have failed but pass at a later attempt will be back on the road by the end of next month.

While the fine equals the current record – a similar penalty was levied on Premium Life on Wednesday – Lautro could well impose even higher amounts in the coming weeks. It has warned for some time that companies that had failed to correct inadequacies in meeting regulatory requirements by the time of a second round of routine inspection visits could expect more severe penalties, and these are now materialising.

Indeed, Lautro's recognition that Norwich Union responded "swiftly and effectively" in carrying out remedial action will have been taken into account by the watchdog's disciplinary committee in setting the fine.

The insurer admitted tha charge of misconduct, and will also have to pay Lautro's costs of £25,000.

Mr Allen Bridgewater, group chief executive, insisted that in general customers should not have been put at a disadvantage. "Our business quality control processes check that customers have received appropriate advice. For that reason there should be few, if any, cases where unsuitable advice has been given". He added that NU would pay full compensation in any such case.

The misconduct was in NU's investment business carried on by its 600 direct sales agents and some 200 appointed representatives between January 1992 and November last year.

The charge did not affect Norwich Union's business through independent financial advisers and Leeds Permanent Building Society.

Major urges Tories to sink their differences for EU poll

By Philip Stephens, Political Editor

Mr John Major yesterday sought to cover the latest cracks in the Conservative party over Europe by pledging to promote the cause of "Euro-realism" in the run-up to the June elections for the Strasbourg parliament.

His attempt to rebuild a facade of unity between the party's enthusiasts and sceptics was accompanied by a renewed warning from Mr Douglas Hurd, the foreign secretary, that it could not go back on its historic commitment to Europe.

Mr Michael Heseltine, the trade and industry secretary, meanwhile accused the party's sceptics of "undermining the prime minister" and damaging the Conservatives' chances in next week's local elections.

He said party workers would be appalled at tha behaviour of some Tory MPs.

In a clear message to those on the Tory right at Westminster who have suggested Britain could disengage from the European Union, Mr Hurd said that talk of withdrawal was "out of touch with reality".

He told a Conservative meeting in Plymouth: "Our party took Britain into tha European Community in the 1970s. Anybody seeking to reverse that decision now is out of touch with reality, and with all the questions of politics and security which western Europe will have to tackle in the years ahead."

Tories 'score election own goal' .... Page 5

Mr Major offered the same message on a local election tour in Bury when he underlined the economic and security interests tying Britain to the EU.

But refusing to be labelled either a Europhile or a Europhobe, Mr Major stressed that a commitment to a leading role for Britain in the EU did not mean accepting every suggestion or plan from Brussels. Instead Britain would argue the case for Euro-realism.

As both men laid out a strategy designed to unite all but the most extreme anti-Europeans, Mr Hurd stressed also that the Conservatives were the only party opposed to a centralised federal Europe.

Mr Hurd, dismissing suggestions that Mr Major had sought to appease the Tory right by giving the manifesto a more sceptical tone, suggested that 90 per cent of the Tory party would offer whole-hearted support for the government's platform.

Trailing the party's manifesto for the June campaign, Mr Hurd said its belief in a free trading, dacentralised, outward-looking Europe was reflected increasingly in the mood in the rest of the EU.

He said the Liberal Democrats, the main threat to the Conservatives in south-west England, were, like the Labour party, wedded to the Brussels centralism which would lead to a European superstate.

But ministers acknowledged that the attempt by Tory Euro-sceptics to seize the initiative threatened a constant series of potential upsets in a campaign which could be critical to Mr Major's future as prime minister.

S African parties set to challenge poll results

By Michael Holman and Mark Suzman in Johannesburg and Patti Waldmeir in Ulundi

South Africa will wait anxiously most of this weekend for the results of the general election, widely acknowledged to have been flawed, after thousands of last-minute voters in the country's former tribal homelands cast their votes to end the historic four-day exercise.

All the main parties have seized on mismanagement and irregularities in procedures to prepare the ground for challenging the results, although their officials acknowledge that rejecting the outcome could destabilise the country.

Election officials yesterday said first results could be available by this afternoon at the earliest, but a clear picture of the outcome is unlikely befors tomorrow.

Two areas in particular, both highly susceptible to party political pressure, could be critical in determining both the result and the extent to which it will be regarded as free and fair.

Millions of voters in the rural areas of northern Natal, a stronghold of Chief Mangosuthu Buthelezi's Inkatha Freedom party, and in the Transkei and Ciskei, fiefdoms of Mr Nelson Mandela's African National Congress, were due to vote yesterday. But election observers privately expressed concern thst many more voting papers had been issued than there were voters; they were also worried about the lack of security arrangements at polling stations.

ANC lesders yesterday repeated allegations that Inkatha had been involved in fraud and said it had presented a list of complaints to the Independent Electoral Commission. But Mr Justice Johann Kriegler, the head of the commission, shrugged off accusations of incompetence and maladministration.

Doubt cast on result, Page 3

Fed moves to prop dollar

Continued from Page 1

early afternoon trading in New York, the Dow Jones Industrial average was at 3,677.82, 9.51 points up.

UK equities reacted closely to developments in currencies yesterday afternoon, plunging sharply as the dollar weakened but rallying after central bank authorities bought the US currency. The FT-SE Index closed 4.6 off at 3,125.3, but had fallen to 3,105.6 earlier. British government bonds also rallied late to close firmer on the day.

The Fed intervened in the market at least four times, repeatedly buying dollars for both yen and D-Marks above the Y101.45-50 and DM1.6590 levels.

Pension trustees proposal

Continued from Page 1

Security. The issue has caused a dispute among MPs on the Social Security Committee, which is dne to pnblish its own report within the next few weeks.

Conservative MPs are fiercely resisting attempts by Labour committee members to recommend that at least a third of trustees be appointed by scheme members. This was put forward by the Goode committee because employee contributions make up a third of most schemes' assets.

The social security committee plans to take evidence from employers, many of which have expressed concern about having member-appointed trustees. Ministers are confident the committee's final recommendations will be in line with its thinking, but one or two Labour MPs may issue a minority report.

The government is also leaning towards a self-regulatory structure in which the industry funds the regulator, contrary to the Goode committee's recommendation that a new pensions regulator should be funded from general revenues. "I believe the regulator we will see will be a pale shadow of what we recommended," Mr James said.

Another senior official said: "Ministers committed to deregulation have no intention of doing anything that would undermine occupational pensions. We do not want a new pensions regulator setting down hundreds of new rules." However, ministers are likely to face strong pressure to accept the Goode committee's recommendations in full.

THE LEX COLUMN

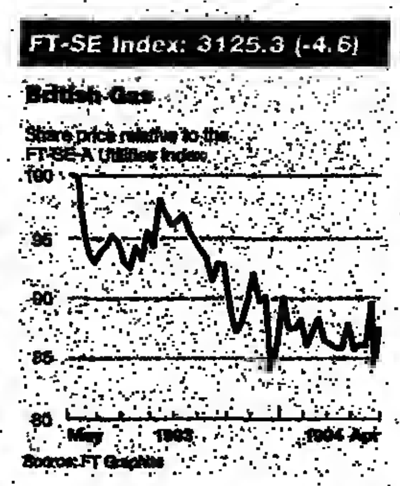
Fed up with the dollar

Since the problem in the foreign exchange markets has been the dollar's relationship to the yen, it is surprising that the Federal Reserve's initial intervention yesterday involved the sale of D-marks. Part of the reason must be the fear that a chaotic period of generalised weakness would ensue if the dollar breached the Y100 level. That would deter overseas investors from bidding in the Treasury's looming bond auctions. Part must be a politically inspired relnctance to single Japan out for help at a time when bilateral trade tensions remain unresolved. *Congress would surely bridle* to see the US bargaining position on trade weakened in this way. The Fed has been discreet about intervention carried out on behalf of the Bank of Japan earlier in the week.

The trouble with such a subtle approach is that it can easily appear half-hearted. At least Mr Lloyd Bentsen's remarks yesterday suggested that the US Treasury has got the message. In the case of Japan he is right that too much exchange market volatility would impair growth. A dollar in free fall below Y100 would cripple its industry to the point where economic recovery would be undermined.

The Clinton administration may have to be more explicit about its desire not to allow trade tensions to spill over into the exchange market, though. While negotiations are paralysed by Japan's political problems, some will always expect the US to exert pressure via the exchange rate. Nor is it as if the dollar has much fundamental strength behind it. Interest rates are rising, but the currency is weighed down by a large current account deficit and investment outflows. The Y100 mark may be tested again.

FT-SE Index: 3125.3 (-4.6)



Source: FT Graphite

UK equities

Suddenly corporate finance business seems to be picking up. It is not just the Enterprise bid for Lasmo. This week has seem a spate of rights issues to finance acquisitions from Williams, Airtours and Compass, to name but three. The prospect of more activity to offset slower trading income has perked up the merchant banks: SG Warburg rose 3 per cent this week, Schroders 6 per cent. Normally it might be expected to liven up the market as a whole. This time, things look slightly different.

There is not much sign of bank-financed bids which bring cash into the market. Enterprise's offer for Lasmo is an all paper deal with a warrant element, which effectively means Lasmo's holders are themselves being invited to put up cash for the privilege of a change in ownership. The rights issues have usually been designed to fund trade purchases outside the market.

Perhaps companies no longer regard such assets as expensive, which means equity market valuations ought to be reasonabla too. A more likely explanation for the sudden burst of rights activity is that companies do not believe capital will become much cheaper. That would make it largely opportunistic. This downbeat view is reinforced by the latest Confederation of British Industry survey, which showed business reluctant to invest in increasing capacity and therefore volume. A predilection for bolt-on acquisitions suggests companies prefer to seek growth instead by buying market share. That does not bode well – either for the recovery or for the equity market.

European chemicals

First quarter figures this week from four of Europe's chemicals giants – including ICI – reinforce the impression that the cycle has turned. That will be comforting for the investors who chased the sector higher. Bayer, BASF and Hoechst have outpaced the German market by 10 per cent this year, matching the share price performance of ICI. But while all four companies reported higher volume sales, bulk chemicals prices remain stubbornly low. Until that changes the big gains in profitability will have to be postponed.

The current recession has been *unusual in that chemicals prices* collapsed – often by more than half from the peak of the late 1980s – even though demand remained respectable. Companies' eagerness to defend market share and the generally low inflation environment may be to blame. The worry is that the same factors could keep prices low. Chemicals prices have barely budged in the US despite two years of rising volumes and capacity utilisation rates which are in many cases over 90 per cent.

Since bulk chemicals are increas*ingly traded between continents, low* prices in Europe may be to blame. But without some pick-up soon, companies could be squeezed. First quarter profits were helped by low oil prices, which kept input prices down and widened margins. If the oil price turns before petrochemicals markets are ready, companies may face a double-dip in profits rather than a steady improvement.

British Gas

Mr Richard Giordano, the new British Gas chairman, certainly knows how to put the skids under his own share price. A profits warning at the group's annual general meeting knocked 5 per cent off Gas's shares on Thursday, though they recovered 2 per cent yesterday. Mr Giordano's prediction that profits this year will be lower than last year is real enough: the continuing price cap on its domestic gas business and further loss of market share in the contract market will see to that.

Mr Giordano also scared the market by saying he could not comment on dividend prospects until the company's regulatory framework was more settled. In particular, he made much of the danger that rivals might cherry pick Gas's most attractive customers when its domestic monopoly is abolished in 1996. Mr Giordano is certainly right to press his case so long as the government continues to dither over when to publish its consultation document on what the rules for the new competitive market should be.

Both Ofgas and the government believe competition should be introduced in an even-handed fashion. Moreover, Ms Clare Spottiswoode, Ofgas's formidable director-general, has threatened to publish the document herself if ministers are still dithering after next Thursday's local elections. If suggestions about what the document contains are accurate, Gas's shares could be due for a bounce.

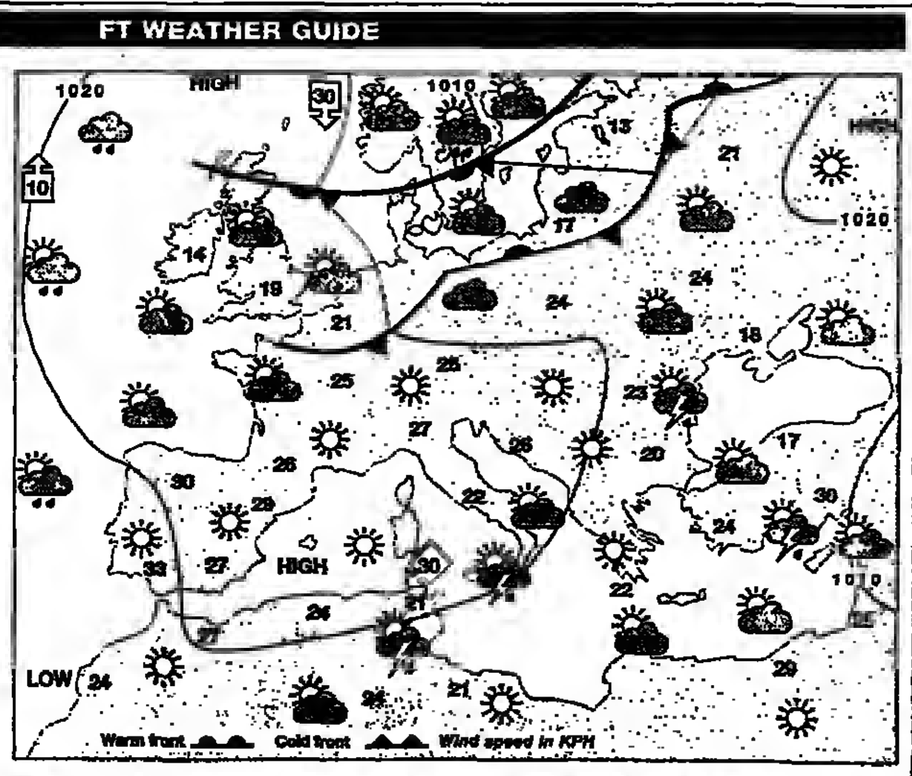
FT WEATHER GUIDE

Europe today

Most of Europe will remain dry and sunny as high pressure areas dominate over the continent. However, unstable air masses will cause isolated showers during the afternoon in southern Italy and around the Black Sea. Highest temperatures will occur in southern Spain, where readings as high as 33C are possible.
The Benelux and northern Germany will have increasing cloud cover and gradually lower temperatures. The northern British Isles will be cloudy with rain in places. An area of high pressure over Ireland will give sunny periods over southern Ireland and England. Rainfall will be greatest in Finland and southern Sweden as cooler air starts to flow over Scandinavia from the north-west.

Five-day forecast

Temperatures in south-western Europe will drop as cooler air arrives from the west. Italy and Greece will stay sunny with a gradual warming trend. Cold conditions in Scandinavia will yield to higher temperatures during the week.
The North Sea countries will stay mainly dry with slowly rising temperatures after the weekend.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	41
Accra	fair	32
Algiers	sun	24
Amsterdam	fair	18
Athens	sun	22
Atlanta	fair	27
B. Aires	cloudy	24
B.ham	fair	17
Bangkok	cloudy	36
Barcelona	sun	23
Beijing	fair	25
Belfast	fair	13
Belgrade	sun	24
Berlin	shower	23
Bermuda	fair	25
Bogota	rain	17
Bombay	fair	31
Brussels	fair	22
Budapest	sun	25
C.hagen	shower	16
Cairo	sun	29
Cape Town	sun	19
Caracas	fair	28
Cardiff	sun	17
Casablanca	sun	24
Chicago	rain	8
Cologne	fair	23
D' Salaam	fair	29
Dakar	sun	25
Dallas	thund	24
Delhi	sun	38
Dubai	sun	42
Dublin	fair	14
Dubrovnik	fair	21
Edinburgh	shower	14
Faro	sun	26
Frankfurt	fair	25
Geneva	fair	24
Gibraltar	sun	21
Glasgow	shower	13
Hamburg	shower	15
Helsinki	rain	11
Hong Kong	cloudy	31
Honolulu	shower	29
Istanbul	shower	17
Jersey	fair	18
Karachi	sun	34
Kuwait	fair	35
L. Angeles	sun	19
Las Palmas	sun	26
Lima	cloudy	25
Lisbon	sun	30
London	fair	21
Lux.bourg	fair	22
Lyon	shower	25
Madeira	sun	23
Madrid	sun	30
Majorca	sun	23
Malta	fair	22
Manchester	fair	14
Manila	shower	34
Melbourne	fair	28
Mexico City	cloudy	26
Miami	fair	29
Milan	sun	26
Montreal	cloudy	11
Moscow	shower	21
Munich	sun	25
Nairobi	fair	25
Naples	fair	22
Nassau	shower	26
New York	rain	21
Nice	sun	22
Nicosia	fair	27
Oslo	shower	12
Paris	sun	24
Perth	cloudy	22
Prague	fair	24
Rangoon	fair	36
Reykjavik	sun	6
Rio	cloudy	22
Rome	sun	22
S. Frsco	fair	17
Seoul	cloudy	25
Singapore	cloudy	32
Stockholm	rain	10
Strasbourg	shower	24
Sydney	fair	26
Tangier	sun	27
Tel Aviv	sun	26
Tokyo	cloudy	19
Toronto	cloudy	10
Vancouver	shower	13
Venice	sun	24
Vienna	fair	24
Warsaw	fair	23
Washington	thund	26
Wellington	cloudy	13
Winnipeg	fair	13
Zurich	sun	24

هكذا من الأصل